Soviet Union: Revisiting major milestones

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Introduction

The Great October Socialist Revolution was the beginning of a grandiose experiment in nation building of which there was no precedence in human history. It was about the realization of a dream of building societies, as Karl Marx envisioned it – free of exploitation of humans by humans. Because there was basically nothing to draw upon, this experiment from the very beginning ran the risk of faltering. Marx's seminal work, Das Capital and the Manifest of the Communist Party, was mostly conceptual, inspirational and philosophical. Except for some general principles, there was no blueprint on how to dismantle the capitalist economy and in its place grow socialist economy. In such an experiment, learning by doing and being able to do necessary course correction was the only sensible approach to avert mistakes and succeed eventually.

But because it was a revolution, people's aspirations ran sky high and the need to deliver on promises were urgent. So, Bolshevik leaders had no time to spend on the learning curve. They decided to condense this unique nation building within an arbitrarily chosen timeline. What was supposed to be a process of steady and incremental change was fast tracked to become a project with a deadline for completion. In addition, V. I. Lenin proceeded to implement his transformational agenda by interpreting some key tenets of Marxist theory in his own way. He imposed his own vision known as Leninism, probably in the hope that short circuiting the path to socialism won't be too disastrous if capable leadership is in place to provide guidance at critical junctures.

Two important deviations from classic Marxist theory that Lenin allowed in his socialist construction project were: (1) Marx insisted that countries need to achieve a satisfactory level of capitalist economic development before transitioning to socialist economy, and (2) it was not possible for a single country to build socialism in isolation. But the realities in Imperial Russia at the beginning of the twentieth century were far from fulfilling these preconditions. Capitalism was at its nascent stage of development only in the European parts of the empire. Huge swathes of Russia's hinterlands, trans-Caucasia and Central Asia were agrarian with dominance of feudalism and no presence of organized industrial and manufacturing workers.

It is important to note here that Karl Marx might have loathed capitalists but he eloquently appreciated capitalism's capacity as an engine of economic development. In his book "Capital" Marx had words of praise for British colonialism in India because of its facilitating role for development of capitalism in the country. Because revolution arrived faster than expected and ideal conditions for construction of socialism in Russia were absent, Lenin had to tweak core Marxist assumptions to fit his nation-building project. He brought upon the Russian working class the monumental task of lifting central Asia and Caucasus (approximately at the same level of development as Afghanistan) from feudalism and propel directly into socialism bypassing the capitalist stage of development.

In the immediate aftermath of the revolution, the Bolshevik Government had to confront tough realities both externally and internally in order to press ahead with implementation of this seemingly utopian

nation building project. The First World War, of which Russia was a participant, was still raging. Internally civil war led by the rebellious White Army, various splinter groups from the imperial Russian Army resisting the Red Army, was quickly spreading in major urban centres, country sides and far flung areas of Russia.

The Bolshevik Government took steps to ending the country's participation in the world war by promulgating the decree on peace. It was followed by a series of drastic policy measures adopted in quick succession between 1917 and 1918. These aimed at creating the necessary preconditions for eliminating the old order, amassing critical inputs and deploying them in socialist construction projects. The major ones were those intended for abolition of private ownership and the establishment of absolute state control as a key step toward socializing all means of production (land, natural resources, mills, factories and other industrial enterprises).

It was driven by the idea that societal ownership of the means of production would create uniform opportunities for all. There will be no owners of anything of substance but everyone will be working contributing his/her labour, professional knowledge and skills in production of material goods and services designed for consumption of the society as a whole. It will be the state's discretion to compensate for labour and distribute the share of national wealth generated by collective labour according to quantity and quality of the individual's labour input in production. Having stripped off individual's right to own any means of production, it was supposed to be the road map to advancing to the coveted goal of eliminating exploitation (gaining unjust material benefit at the expense of others) of humans by humans and establishment of a just equal society. But translating this grand ideological design into a functioning system touching people's everyday lives was fraught with many uncertainties and challenges.

Nationalization and workers' control

In the first months after the revolution, the key challenge the Bolshevik Government faced was to find a workable strategy for implementing societal control on the means of production as a stepping stone to founding the basis of socialist economy. For this purpose, V. I. Lenin put forward the idea of nationalization which didn't mean outright confiscation of assets but change in the form of ownership. In Lenin's understanding, nationalization wasn't necessarily aimed at disrupting capitalist economic relations, but on the contrary, focused on integrating them at the national scale. The expectation was that it would become a model of functioning of the capital under the comprehensive control of workers representing the working class.

In the transition period, the duration of which was not officially determined, commodity-money relations in the economy were supposed to be preserved. Presumably it was dictated by the need to learn lessons and gather experience to smoothly leave behind the concepts of demand and supply, money and markets and replace them with new ideas, instruments and drivers for aligning economy's functioning with principles of socialism in a real historical context prevailing in post-revolutionary Russia.

Conceptually, the most challenging was denying private ownership of the means of production. It actually was the key driver of transformation of human societies across the world from pre-industrial to industrial era generating immense wealth. This served to create more choices and improve people's lives. Historically, the sense of ownership, a deep psychological attachment and satisfaction of having in possession any tool of production, acted as a powerful incentive for an individual to put his/her labour into use and work hard to produce as much of a commodity as possible both for personal consumption and sale the excess in the market for profit. In the socialist worldview of transformation of the workplace, the existence of "individual" as an entity in production was destined to be diluted in favour of "collective" as the ultimate goal was moving toward "socialization". But fostering the spirit of ownership and the entrepreneurial drive that comes along with it at the level of "collective" was easier said than done.

But, as mentioned above, times in the aftermath of the revolution were extremely challenging for the Bolshevik revolution to move slowly and exercise caution. The working class was energized by revolutionary impatience and the bourgeoisie cornered by the revolution was also in no mood of giving up which inevitably led to resistance and conflicts. It compelled Bolshevik leaders to look for short cuts and explore the possibility for immediate implementation of communist reorganization. The outpouring of a revolutionary zeal among the working class, resistance from dethroned bourgeoisie, hostile external environment including the ongoing civil war led a large section of the Bolshevik leaders to delude into believing that short cutting the route to socialism and communism should be feasible because at stake were the immediate gains of the revolution.

Accordingly, the Soviet Government set the goal of acquiring commanding heights of the economy in the hands of the governing organs of the proletariat dictatorship. At the same time, efforts were directed to establishing socialist organs of management and administration. V. I. Lenin called this policy the "Red Guard" attack on "capital" based on coercion and violence and this period would go down in history as "War Communism". The landmark piece of legislation adopted during this period was the decree on land that abolished private ownership of land and transferred the country's land resources under state ownership. The enthusiasm of poor peasants in the countryside immediately after the revolution was so high that they started forcibly snatching land from the landlords (*Kulak)* without waiting for formal legislation. The rise of the land-poor peasants couldn't be blamed because a core slogan of the revolution was "land to peasants".

A similar decree was promulgated to nationalize industry – mills, factories, mines, oilfields etc. State monopoly was established on foreign trade. Although the Red Guards took control of the State Bank (Central Bank) on the very first day of the revolution, considerable efforts were needed to establish real control on banking operations. The Ministry of Finance bureaucrats continued sabotaging decisions of the Soviet Government, refusing to release money on government orders. They attempted arbitrary handling of resources of the treasury and the bank diverting money to prop up counter revolution. Replacing the top echelon of central bank officials was an effort that started from scratch, co-opting junior officials and recruiting cadres from the ranks of workers, soldiers and sailors with no experience in

financial management. Despite these difficulties, capture of the Central Bank created more favourable conditions for establishment of workers' control on financial aspects of running industrial enterprises. But bringing private sector banks under control was far more challenging as the resistance from the owners was fierce. To accelerate acquisition of private banks, a decree on nationalization of banks was issued in December 1917. However, complete dismantling of private banks and merging them with the State Bank continued till 1920.

Nationalization of productive assets and means of production and the establishment of worker's control over them went hand in hand in the months after revolution. The concept of "Workers' control" was advanced as a temporary step between elimination of private ownership and outright confiscation primarily designed to preserve commodity-money relations at the floor level of industrial production and buy time for the new generation of soviet economic managers to learn on the job, acquire necessary skills for financial and administrative management and prepare for complete state control of the economy. "Workers' control" was thus supposed to be a transition period in which new methods had to be devised based on economic principles to run industrial enterprises.

Consistent with this policy, industrialization was carried out in phases. But contrary to expectation, the new economic managers had no interest in using economic principles; instead they opted for commanding and coercive methods based not on economic knowledge but catering to slogans at a given moment. This mindset gradually led nationalization to turn into confiscation. It negatively affected industrial production because of increasing dysfunctioning of inter-industry linkages (supply chain management) which made it difficult to establish control on the economy at national level.

Agricultural transformation during "War Communism"

The architect of the October Revolution was the proletariat. In Marxist lexicon, they are industrial workers who own nothing but their two working hands. They earn wages by selling labour to entrepreneurs, who hire them to work with the means of production they own (facilities, tools, machineries, raw materials, etc.). They produce goods which are sold in the market generating revenues. In organized production, the *value* of the labour (typically paid in wages) is always lower than the value of the new product created. The difference is *value-added*, which takes into account the cost of materials and other non-human inputs used up in production and so its appropriation by the owners apparently seems justified. But Marx introduced the concept of "surplus value" to distinguish from "value added" to show how exploitation occurs in the capitalist system of production. Surplus value is the new value created by workers in excess of the value of labour invested which is appropriated by the capitalist as profit when products are sold. In Marxist theory, this profit is tainted with greed. Because it accrues from exploitation of human labour. The mechanism by which employers exploit the labourers is by forcing them to work much longer hours than those required to reproduce the market value of the product equivalent to the value of the labour invested.

The revolution thus made sense to industrial workers because elimination of private ownership and its replacement by social ownership was supposed to increase their entitlement to the output they

produce. It thus increases their incomes and improves the standard of living. While convincing the working class and securing its support for the cause of socialism was relatively easy for the Bolsheviks, it was not so in the rural heartlands of Russia. In contrast to factory workers, who really have to sell labour to earn a living, farmers were not proletariat in the true sense of the concept. Even the poorest of the poor farmers owned a homestead, a few decimal lands around it to grow crops and raise small livestock. At this level the sense of individual ownership of land and property was so strong, that disenfranchising peasants from their properties and socializing all land was a tremendous challenge for the Bolshevik leaders. In other words, the concept of private ownership in practical terms didn't carry exactly the same weight in industry and agriculture nor was it possible to apply the same measures for establishment of social ownership on the means of production in both sectors.

Unlike many other countries, in the psyche of ordinary Russian farmers, the concept of "land" was inseparable from their physical existence. Toiling on the land and earning a living from it was sacrosanct for them. This is reflected from the centrality of "land" in agricultural production in the Russian mind. There is no single word for "agriculture" in the Russian language. The commonly used Russian word for agriculture, "*selskoekhozyaistvo*" literally means "rural economy". The other lesser used word "*zemledelie*", which means working on land, is used in combination with "selskoekozyaistvo" to describe the agriculture sector. So tweaking with the land sector, particularly fostering the perception of the advantage of collective ownership over private ownership in the mind of peasants was far more challenging than it was with the industrial labourers.

Agriculture mattered because of its size and contribution to the economy. Imperial Russia significantly lagged behind the United States and major European powers – England, France and Germany –in the pace of industrial development at the beginning of the twentieth century. In Russia's vast landscape, major industrial enterprises were concentrated in only five regions – north-western, central industrial, Ural, southern and trans-Caucasian (Baku). The country was mostly agricultural with peasant economy accounting for a larger share of the national economy[1]. Despite rapid growth of industrial modernization at the beginning of the twentieth century, Russia was still an agricultural-industrial country with agriculture accounting for 54 to 55.7 percent of the gross national income and more than 75 percent of the population was engaged in different forms of agricultural production[2].

Unlike other developed capitalist countries where agricultural development preceded industrial development, the nascent Soviet Government confronted the twin challenges of agricultural and industrial development at the same time. Remaking of the rural and agricultural sector was, therefore, central to the Bolshevik agenda of nation building. As stated above, immediately after the revolution on 26 October 2017, V.I. Lenin signed the decree on land.

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[1]Economic development of Russia at the beginning of 20th century (http://alpan365.ru/biblioteka/istoriya-rossii-s-drevnejshix/glava-27

[2]Корелин, А.П. СельскоехозяйствоРоссиинарубеже XIX- начала XX вв.http://www.stolypin.ru/proekty-fonda/entsiklopediya-petr-arkadevich-stolypin/?ELEMENT_ID=254

The decree confiscated the property of landlords without any compensation and transferred all landholdings owned by landlords and churches along with all inventories and buildings to local land committees and city councils of peasant deputies. The right to private ownership of land was abolished. Selling, leasing or using land as collateral were banned. The entire land was turned into a national property (i.e. transferred to state ownership, which meant the nationalization of the land). Land plots with highly productive farms, nurseries, including the entire economic inventory of confiscated land, were transferred to the exclusive use of the state or communities. All citizens received the right to use land provided that they use their own or family labour or enter into partnership with others but not using hired labour on the basis of equality in land use. Smallholder peasants were exempted from confiscation of inventories. The decree also exempted ordinary peasants and the Cossacks from their land being confiscated.

Further legislation in land reform followed in February 1918 with adoption of the "Law of Socialization of Land" which provided 3 million peasants in 22 governorates with access to land between 1917 and 1919. This was accompanied by command measures: a state monopoly on bread was established; the food authorities received extraordinary powers to purchase bread; an enforcement branch was created for the seizure of surplus bread at fixed prices. And the volume of food appropriation was determined not by the availability of commodity surpluses, but by state needs. If in 1917, there was adequate supply of bread to meet the demand, in the years of civil war following the revolution cropped area under wheat shrank by more than two times with decrease in yields. Wheat yields during 1920-1921 fell by almost three times and the number of cattle heads decreased by two times compared with the pre-war years. The disruption of commodity exchange between town and village resulted in agriculture becoming subsistence-oriented, and therefore, did not produce marketable surplus.

Making food available to city dwellers now became possible only through coercion. Therefore, the main measure of war communism in the village was seizure of food surpluses, which was introduced from the beginning of 1919, when indiscriminate searches for "surplus" by food requisition enforcement units were replaced by a plan system, which set procurement targets for rural areas to meet the minimum amount of bread required for the army and workers. The Committees for fighting poverty, the grassroots level food enforcement units, constantly struggled to meet the procurement targets with only 38 percent in 1918 and 34 percent in 1920. In their approach to enforcement, the Committees declared enemies of the Soviet regime not only large landlords (*Kulaks*), but also medium-scale peasants and directed punitive actions against those who produced bread destroying their farms, while the poor themselves did not produce food, but only consumed them. Because of these excesses and brutalities, the Committees for fighting poverty were dissolved and "Village Councils" again became village-level authority. The main reason for dwindling of food supply to the city was reduction in size of peasant landholdings. The share of large farms with 4.9hectares (ha) of arable land decreased, and the share of farm size with 2.4 ha increased from 58 percent to 86 percent. And small farms not only produced less, but also consumed the entire product leaving no surpluses available for consumption by city dwellers[3].

[3]War Communism in Agriculture (http://rurektor.blogspot.ca/2012/03/blog-post_835.html)

New Economic Policy (NEP)

The New Economic Policy (NEP) was adopted at the 10th Congress of the Russian Communist Party in March 1921. It set the direction of the country's economic development for the period 1921–1929. This policy reversed the policy of "War Communism" of the period (1917–1920) which witnessed rapid decline in industrial output and contraction of the economy, as stated above, due to haste and incompetence in implementing the policy of nationalization. Under the new policy all enterprises of one industry were subordinated to a single central administrative body – the main committee (the head office). NEP, in essence, was aimed at introduction of private enterprise, revival of market mechanisms and restoration of the national economy. NEP, seemingly an about turn from the goal of socialism, was a forced policy reversal dictated by the realities of the economy.

V.I. Lenin summed up the conundrums of this time as follows: "The ultimate goal remains the same – socialism, but the state of affairs in Russia after the civil war dictates the need to resort to a "reformist" approach in undertaking actions concerning fundamental issues of economic construction". Highlighting the mistakes made during the years of "War Communism" Lenin underscored not breaking the old socio-economic order, trade, small-scale economy, small business, capitalism, but cautiously and gradually mastering them and getting the opportunity to subject them to state regulation.[4] Lenin further developed the concept of the NEP to include ideas about the use of commodity-money relations, all forms of ownership: state, cooperative, private, mixed, self-financing. It was proposed to temporarily retreat from the achieved gains of "war communism", take a step back in order to gain strength for accomplishing a giant leap to socialism.

Initially the scope of the NEP reforms was determined by the party leadership by the extent to which they contributed to cementing the party's monopoly on power. The main policy reforms implemented within the framework of NEP included appropriation of food surplus replaced by food tax in the agriculture sector, new incentive measures designed to encourage various sections of the society in having a stake in the results of their economic activities. Free trade was legalized, private individuals were given the right to engage in cottage and small-scale industries employing up to 100 workers. Small nationalized enterprises were returned to their former owners. In 1922, the right to lease land and hire labour for farming was recognized; the system of labour obligations and labour mobilizations was abolished. Remuneration of labour by produce was replaced by a monetary one, a new state bank was established and the system of banks was restored.

In short, a significant part of what was achieved during the period of "War Communism" through compulsion and coercion was gradually undone. But making this level of ideological backtracking palatable to party rank and file was difficult. So Lenin had to always insist that while implementing reforms, the party must not lose sight of its ideological convictions and should not shy away from using command methods in steering socio-political and economic processes in the transition period. As

[4]New Economic Policy (1921-1929)
http//files.school-collection.edu.ru/dlrstore/93e7ab6f-60ae-ca96-2ffd-17d5db86217d/1010803A.htm

expected, NEP quickly delivered desired results setting the economy on a path to recovery and revitalization. Economic incentives provided to the peasants contributed to increasing agricultural production and saturating markets with abundant supplies of food that helped overcome the consequences of drastic food shortages of the years of “war communism”. However, most of the party leadership tended to view NEP as “inevitable evil” and from the early stages of NEP implementation (1921–1923) efforts were directed at restraining the role of the market through various administrative command methods. There was a palpable sense of fear shared by a large section of party leaders that NEP would inevitably lead to restoration of capitalism which meant betrayal of communist principles.

NEP, in essence, was designed to meet the challenge of time. As we stated in the foregoing, the Russian Communist Party (RCP) was the pioneer in launching the grand experiment of transforming Marx’s ideals of an equal and just society into reality. When the question boiled down how to do this, the RCP had no option but to rely on learning by doing. NEP was an approach aimed at moving towards socialism, by maneuvering, by making social compromise with the majority of the population, albeit more slowly and with less risk. It was believed that with regard to market mechanisms, the state would pursue the same approach as it did during the years of “war communism” and economic reforms would be carried out with a focus on socialization. All this was taken into account in the laws passed in 1922 and in subsequent legislative acts.

Revival of market mechanisms that led to restoration of the economy allowed the government to consolidate its political authority. But inherent incompatibility between NEP and the ultimate political goal of the Bolshevik Government were so deep that temporary compromise on core economic principles with rural peasants and elements of urban bourgeoisie as a strategy for buying time was destined to last not long. So, all efforts were directed at not allowing NEP to cross the limit that may threaten the party's hold on power. This included strangulating market mechanisms with non-economic administrative-command methods.Top echelon of the party and state leadership were deeply skeptical of NEP. They were haunted by the fear that the private sector in course of time would gain an upper hand over the state sector and so they resorted to various measures to discredit NEP. Official propaganda in every possible way criticized the private entrepreneur fostering in the public consciousness the image of "NEP stakeholder" as the exploiter and the class enemy. As implementation of NEP proceeded, Lenin’s ability to exercise oversight became limited because of his poor health conditions. He survived an assassination attempt on August 30, 1918 while speaking before workers in a factory at Petrograd but suffered serious injuries from which he never fully recovered. This allowed skeptics to unite in their efforts to derail NEP’s implementation. V.I. Lenin died at age 53 on January 21, 1924. His premature death clouded the prospect of continuing economic reforms and building necessary structures for transitioning to socialism avoiding drastic upheavals in the society.

With the ascendance of Joseph Vissarionovich Stalin to party and state leadership following Lenin’s death, the undercurrent in the party to roll back NEP gathered steam. Measures to contain the development of the NEP were replaced by a course toward its curtailment. The dismantling of the NEP began behind the scenes, first by measures to strangle the private sector by taxing followed by measures to eliminate its legal guarantees. At the same time, at all party forums loyalty to the new economic policy

was proclaimed. On 27 December 1929, in a speech at a conference of Marxist historians, Stalin declared: "If we adhere to the NEP, it is because it serves the cause of socialism. And when it ceases to serve the cause of socialism, we will reject the new economic policy to hell. "In the late 1920s, having concluded that the new economic policy had ceased to serve the cause of socialism, the Stalinist leadership discarded it.

The way the NEP was abandoned shows the contrast in approaches of Lenin and Stalin to the new economic policy. Lenin thought with transition to socialism, NEP would exhaust its purpose. But by the end of the 1920s, there was no socialism on the horizon despite being proclaimed and no sign that NEP would outlive itself anytime soon. Stalin decided to steer away from Lenin's path and put an abrupt end to the experimental phase in socialist reconstruction of the economy. From then on, the task of building socialism started looking like a project – sum total of a set of activities to be completed within a defined timeframe no matter what comes on the way. In short, it was about creative destruction paving the way for the new to be born. This looming destruction entailed enormous societal costs but were ignored.

Stalin indeed delivered what he promised through completing "transition to socialism" during the 1930s using heavy-handed revolutionary methods and approaches. This was reflected in the determination of the Stalinist leadership to eliminate the so-called "Class of exploiters". In course of its implementation, rural "bourgeoisie", large landlords, known as *Kulak*, was eliminated by confiscating their property, killing and exiling to Siberia where needed, in a process known as "*dekulakaization*". The remnants of the urban bourgeoisie"– entrepreneurs engaged in private trade, small-scale, cottage industries and the sale of their products – were deprived of political rights and many also were prosecuted. In short, the society was flattened with an axe and hammer. This period left a deep scar on collective memory which never ceased to haunt Soviet leaders in subsequent years.

Now in hindsight more than a century later, it is interesting to contemplate what could have happened if NEP were allowed to continue for an indefinite period. More specifically, would it have helped the cause of building socialism as this was the ultimate goal of the party? No is the most probable answer. Contrary to Lenin's expectation, far from outliving its purpose, NEP would have entrenched spreading roots deep into the economy strengthening market-oriented private enterprise and weakening the emerging state sector. Maybe this could result in faster economic growth but eluding the goal of building socialism within a foreseeable time frame which was the overriding priority of the party. In other words, if the challenge was to dovetail market economy to the extent possible to power socialist transformation of the economy, Stalin's decision to abandon NEP after trying it for a decade was not entirely wrong.

State building during NEP

Not only revitalization of the economy was a major concern to the Bolshevik leadership when NEP was launched to reverse early mistakes in economic reconstruction. A large swathe of territories under the former imperial Russia was engulfed in civil war. Apart from military means to defeat and reconquering territories from the counter-revolutionary forces, V.I. Lenin underscored the need for empowering local

people in order to consolidate political authority of the new Soviet Government. So the quest for state building in post-revolutionary Russia had to go hand in hand with economic reforms. Imperial Russia was a vast unitary country divided into governorates and regions, except for two provinces Poland and Finland enjoying some kind of special status. These two provinces were granted independence after the revolution.

As stated in the foregoing, Soviet revolutionary power structures grew from the grassroots. The local councils of peasants, workers and soldiers emerged as the main executive organ of the new government. To formalize delegation of political power to the grassroots, V.I. Lenin embraced the concept of "Republic" as the model of administrative restructuring of imperial Russia brought under the control of the Bolshevik Government. Lenin's ideas about "Republic" went deeper to foster a new consciousness. Ir drew inspiration from ethnic and national identities in efforts to rebuild a truly multinational society based on the socialist ideals of equality and prosperity for all nations and nationalities. .

In imperial Russia, the concept of nationality was obscure and vague. As a country with a unitary form of government, *Russification* was imposed. But officially it was not intended to strangle ethnic identity of peoples. It was viewed as something benign and natural because of the dominance of Slavic culture, the Russian orthodox Christian identity and the Russian language being the language of communication. There was some kind of recognition of distinctness of population groups based on ethno-religious identity but it was not allowed to grow into a full-fledged consciousness of national identity. Lenin's ideas about the Soviet state building were primarily designed to reverse this long-held state policy in Tsarist Russia.

The first step towards Soviet state building was undertaken in 1918 with establishment of the Russian Soviet Federal Socialist Republic (RSFSR) on the territories that came under the control of the Red Army by that time. With gradual consolidation of soviet power in other regions of the country, the next big step came on December 29, 1922. On this day, the heads of delegations representing RSFSR, the Ukrainian Soviet Socialist Republic (SSR), Belorussian SSR and Transcaucasian SFSR meeting in a conference in Moscow signed the treaty on the formation of a new federal state "the Union of Soviet Socialist Republics (USSR) based on voluntary union of national soviet republics. The treaty was approved on December 30, 1922 by the First Congress of Soviets of the Soviet Union. With the coming into force of the Union treaty on this day, a historic milestone was reached in Soviet nation building. The treaty left open the door for admitting new members from territories under the former imperial Russia. As a result, the Soviet Union grew from the founding four republics to 15 constituent union republics by 1940.

ГОД ИЗДАНИЯ 7-й

ИЗВЕСТИЯ

ВСЕРОССИЙСКОГО Центрального Исполнительного Комитета СОВЕТОВ Рабочих, Крестьянских, Казачьих и Красноарм. Депутатов и Моск. Совета Раб. и Красноарм. Депутатов

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ОБРАЗОВАНИЕ СОЮЗА СОВЕТСКИХ СОЦИАЛИСТИЧЕСКИХ РЕСПУБЛИК— НОВОГОДНИЙ ПОДАРОК МИРОВОМУ ПРОЛЕТАРИАТУ.

С 3-го ЯНВАРЯ РОЗНИЧНАЯ ЦЕНА № ГАЗ. „ИЗВЕСТИЙ ВЦИК"

В МОСКВЕ—75 коп. декаб. 1923 года.

ТАРИФ НА ОБ'ЯВЛЕНИЯ:

I-й СОЮЗНЫЙ С'ЕЗД СОВЕТОВ

Открытие с'езда.

Речь тов. Смидовича.

Речь представителя Бухары

Речь представителя Хорезма

Заключительная речь тов. Калинин

Исторический день.

The Daily Izvestiya in its 31 December 1922 published the news with a headline that read “Образование Союза Советских Социалистических Республик Новогодний Подарок Мировому Пролетариату (Formation Of the Union Of Soviet Socialist Republics A New Year’s Gift To The World Proletariat)”(shown in the photo). It ran an editorial titled “Исторический день (Historic day)”. The article began with the caption “Свершилось! (It happened finally). It said the Union of Soviet Socialist Republics was founded at yesterday's (30 December 2022) meeting of the First Union Congress of Soviets (central legislative body) that took place at the Bolshoi Theatre. According to the newspaper, the entire development of the revolution was directed towards the creation of this union of Soviet states.

The headline made it clear that the USSR would be an internationalist state representing the interests of the world proletariat. It expanded the idea by stating that the boundaries of the union are formally limited. It includes the RSFSR, the Union of Transcaucasian Republics, Ukraine and Belarussia. But in reality, these boundaries are limitless, and they will expand to the extent of the success of the social-revolutionary movement throughout the world. As one of the speakers at yesterday's congress said, there is a place here for everyone, for all peoples, liberated from the bourgeois yoke, for all proletarians who have thrown off the eternal yoke of exploitation.

Joseph Stalin, the top Bolshevist Party leader, delivered the keynote speech at the Congress providing the background and justification for creation of the USSR. He characterized 30 December 1922 as a celebratory day in the history of Soviet power. Stalin viewed it as a turning point between the old, now-passed period, when the Soviet republics, although acting together, walked separately, preoccupied

above all with the question of their own existence, and between the new, already opened period, when the separate existence of the Soviet republics was put to an end. The republics united into a single union for the successful fight against economic ruin, when the Soviet government was already thinking not only about existence, but also about developing into a serious international force, capable of influencing the international situation and changing it in the interests of the workers. Stalin expressed his deep confidence in the future of the new state by saying:

“We communists are often criticized for being incapable of building. Let the five years of Soviet power serve as proof that communists can also build. Let the history of Soviet power over five years serve as proof that communists also know how to build. Let today's Congress of Soviets, called upon to approve the declaration and treaty on the union of republics adopted yesterday by the conference of plenipotentiary delegations—let this Union Congress demonstrate to all those who have not yet lost the ability to understand that communists are as adept at building the new as they are at destroying the old.” He read out the text of the declaration and treaty and concluded his speech with the words: "On the instructions of the conference of delegations of the Union republics, I propose that you approve the text of the declaration and treaty and adopt them with the unanimity characteristic of communists, thereby writing a new chapter in the history of mankind."

Geographically, the Soviet Union emerged as the largest country in the world straddling two continents – Europe and Asia – covering approximately one sixth of the world’s land surface. The expanse of the country was so vast that the sun didn’t set in it. As dusk descended on Petropavlovsk-Kamchatka on the east coast, the beams of the rising sun were illuminating the skies of Kaliningrad on the west coast. Its northern borders ended in the Arctic Circle and permafrost of the Siberian wilderness. The southern borders were washed by the warm waters of the Black Sea. More than 100 nations and nationalities, large and small, inhabited this country.

Almost all of them had some kind of autonomy in managing their own affairs. It was at the level of union republic, autonomous republic, autonomous region or autonomous district. Lenin conceived this type of administrative restructuring of the new country based on the concept of “republic” at different levels. Lenin considered it as an important step to helping all nationalities, particularly the small and backward ones, develop their distinct culture and language, come of age and equally participate in all walks of life in the modern Soviet socialist state.

Federalism enshrined in the Soviet constitution importantly differed from that of major contemporary world powers such as the USA and UK. Article 70 of the Soviet Constitution declared the USSR as “a single united multinational state formed on the basis of the principle of socialist federalism as a result of exercising free self-determination of nations and voluntary union of equal Soviet Socialist Republics. The USSR embodies the state unity of the Soviet people, unites all nations and nationalities in the shared goal of building communism”. USSR was the only federal multinational country in the world with a constitution that provided a mechanism for constituent union republics to secede from the Union, if they so wished. It was reflected in Article 72 which proclaimed “For each union republic, the right of free exit from the USSR remains”. Insertion of this clause in the constitution by the founders of the Soviet Union

was demonstration of idealism of the highest order in socialist nation building that only equal constituents can lead to formation of a durable strong union. Were they mindful that someday this particular constitutional clause can be triggered? Probably not. Article 72 was never meant to be used. But it was an irony of history that this particular clause of the constitution was invoked by the plotters in abrogating the Union treaty of 1922 paving the way for dismantling of the USSR, 68 years later in 1991.

Lenin's policy of inclusive nation building inadvertently contained negative elements which were lost from the view in the wave of early revolutionary enthusiasm. But at the initial stage, it indeed provided a powerful impulse to uniting all people regardless of nationalities around the key task of socialist transformation of the economy, particularly in mobilization of labour and creative talent in orchestrating state-led grandiose nation-building projects. Stalin's blueprint of socialist nation building consisted of three elements – Industrialization, Collectivization, and Cultural Revolution.

Industrialization

Dismantling of the New Economic Policy (NEP) was followed by Stalin's visionary programme of state-led industrialization implemented during the 1930s. It was aimed at rapidly increasing industrial capacity of the USSR with extraordinary growth rates to catch up with contemporary developed capitalist countries. Officially, the goal of industrialization was proclaimed as transformation of the USSR from a predominantly agrarian country into a leading industrial power.

Although officially started in 1930, efforts were launched in the early 1920s amid the ongoing civil war to create essential material-technical preconditions for industrialization. The major ground breaking project was "GOELRO", translated from Russian as "State Plan for Electrification of Russia" developed under Lenin's direct oversight and approved by the Government on December 21, 1921 for implementation. V.I. Lenin stressed the importance of increasing electric power generation in post-revolutionary Russia by saying "Communism – it is soviet power plus electrification of the entire country".

GOELRO designed for 10–15 years envisaged construction of 20 thermal and 10 hydro-electric power projects in eight major economically important regions of the country – Northern, Central-Industrial, Southern, Volga, West-Siberian, Caucasian and Turkestan. This was followed by development of the country's transport system, including reconstruction of old and building new railway lines and construction of Volga-Don canal. Thanks to GOELRO, in 1932 the generation of electric power increased almost 7 times from 1913 from 2 to 13.5 billion kWh. The legendary field commander Felix Dzerzhinsky, famous for his role in destroying white counter-revolution as head of "All-Union Emergency Commission, the predecessor of the Committee for State Security (KGB), provided crucial oversight in drafting the first Five-Year Plan (1928-1932) that launched industrialization. [5]

[5] Industrialization of USSR, https//ru.wikipedia.org/wiki/industriaizatsya CCCP

The focus of industrialization was on building critical capacity in heavy industry particularly in machine building, metallurgical, mining and petroleum, and power generation. Top priority assigned to heavy industry was dictated by the need for increase in supply of a wide assortment of machinery for fortification of the country's defense and mechanization of the agriculture sector. The process of industrialization was elaborately planned, administered by a single authority and financed by the Government from a centralized pool of resources drawn exclusively from domestic sources.These included transfer of resources from the agriculture sector, compulsory lending of people's savings to the state, export of primary commodities (surplus generated by limiting consumption by the population), selling of the items of art and culture, unpaid labour mobilized by patriotic slogans, use of labour of prisoners.

The results were astonishing. In just 10 years, growth rates of industrial production increased by 2-3 times. Globally, the USSR emerged as the second-ranking country in terms of gross industrial output but in terms of average annual growth rate of industrial production the country ranked top. The USSR became an industrial, economically independent state that could do without imports of basic goods for consumption. The industry became diversified. Many factories were revitalized leading to creation of a large number of jobs which helped eliminate unemployment.

The leap forward in heavy industry entailed enormous sacrifices by the population. As stated above, using propaganda party leadership ensured mobilization of the masses in support of industrialization. Particularly the cadres of the Young Communist League (Komsomol) responded to the party's call with enthusiasm. Millions of people selflessly and almost manually built hundreds of factories, power stations, laid railway and subway lines. Sometimes, people had to work in three shifts. But the flip side of this unprecedented transformation was poor growth of agriculture and light industry sectors producing food and widely used consumer goods. Economic life was over-centralized, market mechanisms were squeezed to the minimum with full subordination of the producer to the state, a range of non-economic coercive measures were applied, the standard of living of the population remained one of the lowest among the contemporary developed countries.

Collectivization

The slogan "land to peasants" was one of the key slogans that Bolshevik leaders used to inspire poor peasants to join the ranks of industrial working class proletariat in the shared objective of accomplishing the socialist revolution. Hardly there was any alternative. Russia was rural and agricultural where 82.3 percent of the total population in 1913 lived in villages and only 17.7 percent in the cities. Three categories of farm households were distinct at that time. Large-scale "well-off" farmers constituted 15 percent, medium-scale farmers 20 percent and small-scale low-income farmers 65 percent of the total peasant population. Therefore, two-thirds of the peasants were very poor, who also wanted radical changes to improve their living conditions[6]. But the alliance that the Communist Party forged between

[6]Kurganov, I.A. The Peasantry in the fate of Russia, http://socialist.memo.ru/books/emigrant/sudby/kurganov.htm

the working class and the peasantry was purely tactical with the goal of consolidating the gains of the revolution in the countryside. Both on ideological and economic considerations, the party under Stalinist leadership was hostile to smallholdings-dominated peasant farming of Russia.
Unlike factory workers, peasants, however small, were private-sector producers owning at least a small parcel of land. The Communist Party was determined to eliminate private ownership of land, the most vital means of production in rural areas, to enforce the party's ideological premise of socialization of all means of production. The economic considerations were even more sinister. Small holdings were seen as a barrier to introduction of large-scale farm mechanization and rapidly increasing agricultural production. But this increase in farm production was sought not to power the development of the agriculture sector and the emergence of a strong rural economy. Instead, agriculture was supposed to be subordinated to the interests of industrialization and through price manipulation; bulk of the productivity gains in the agriculture sector would be pumped back in development of industries and subsidizing urban dwellers with food. Thus the ultimate Communist Party blueprint for the agriculture sector was total elimination of peasant farming, consolidation of all landholdings into a limited number of large cooperative farms with industry-like production units, so that the state can reliably count on a fixed supply of food from domestic producers to support industrial and urban development.

Collectivization was designed as a programme for step-by-step implementation following termination of the New Economic Policy. But it was more than a programme; it was, in fact, a revolution with application of heavy-handed, coercive measures. How else could it be? The party assigned top priority to detaching farmers from their land,obscuring the sense of owning land and fostering a new meaning to working on land. The first political step toward collectivization was taken at the 15th Congress of the Communist Party in 1927 which proclaimed collectivization as the key task of the party in villages. The goal was declared as "formation of socialist production relations in villages, elimination of smallholder-based production system for overcoming shortages of food"

Collectivization began in 1928 as a gradual process of merging farm holdings based on voluntary decisions by farmers. As an incentive for peasants to join cooperatives, the government provided cooperatives with farm machinery and subsidies in loans and taxation. But the initial results were disappointing. At the end of 1929, only 6.9 percent of peasant farms could be merged into collective farms (*Kolkhoz* in Russian). This prompted the leadership to abandon the gradualist course and embark on total collectivization (Сплошная коллективизация), which was approved at the November 1929 Plenary Session of the Central Committee of the Communist Party. As mentioned in the foregoing, "*dekulakization*" began as part of this process and the party was determined to eliminate *Kulak* (large farmers) as a social class in rural areas. But in terms of the size of land holdings, the concept of *Kulak* farm households was kept vague. Any well-off market-oriented farmer using hired labour, owning at least two cattle and two horses and producing surpluses for sale was considered "*Kulak*". The definition was deliberately kept vague to accommodate medium-scale farmers, where this was convenient for local authorities to step up the process of forcing farmers to join collectives.

Measures deployed for targeting *kulak* farms included ban on renting land, hiring labour, seizing the means of production, seed stock, farm buildings and forced resettlement of evicted *kulak* farmers to less populated areas in Siberia, Far East and Kazakhstan. *Kulak* farmers were forbidden to join newly formed collectives. But unlike industrial entrepreneurs, who were easily subdued, farmers stood up and isolated armed revolts broke up in many areas of the country's agricultural heartland when repressive measures became intolerable. It forced Stalin to put temporarily on hold the process of forced collectivization in the beginning of 1930 and adopt a go-slow approach to collectivization. The first wave of collectivization was completed in the mid-1930s. By 1935, 83.2 percent of rural farm households and 94.1 percent of the country's arable land were integrated in collective farms[7]. Besides collective farms, another institutional model was designed and implemented on a limited scale in agricultural restructuring. It was a state farm (*Sovkhoz* in Russian) – state owned agricultural enterprises run by hired workers who were paid fixed salaries. These farms were designed as model farms for introduction of advanced agricultural technologies, including improved seeds and livestock breeds and their dissemination to collective farms. With these successes of collectivization and accompanying industrialization at hand in 1935, Stalin declared completed construction of the basis of socialism in the USSR.

Ironically, an industrially backward and predominantly agrarian country, not an ideal setting for orchestrating socialist revolution as envisioned by Karl Marx, emerged as the World's first socialist country. The fact that this had to happen in contravention of core Marxist thesis and that too was completed in only 18 years (1917-1935) in a vast diverse country like the USSR suggests the mindboggling scale of the accomplished social engineering. Hardly there is any need to search archives of history of that time to understand how much of compulsion, brute force, repression had to be applied to eliminate diversity in existing socio-economic order and impose uniformity and equalization.

Whatever the difficulties and hurdles stood on the way, the Soviet Communist Party under Joseph Stalin never lost from its sight the end goal – paving the way to establishment of a truly equal communist society in a distant future through consolidating the gains of the socialist revolution and strengthening the basis of socialism. So, all this was presented as a creative destruction, the citizens were promised of a bright future that will dawn soon from this ruin and, as usual, they were urged to continue making more sacrifices. And the party indeed delivered what it promised although it didn't always match people's expectations.

Collectivization brought with it mechanization in rural areas. Machine-tractor stations (MTS) were established to serve collective farms. The party sent thousands of factory workers and mechanics from cities to operate the MTS. Hundreds and later thousands of tractors appeared in villages but the overall level of mechanization in collective farms continued to remain low. In addition, collective farms were required to pay a share of the harvest for using MTS equipment. Because collective farms were established based on voluntary/compulsive surrender by farm households of private ownership of land

[7]Collectivization in USSR https://zubolom.ru/lectures/history/42.shtml

and other assets, collective ownership replacing private ownership was supposed to be exercised by democratic autonomous management by constituent farm households. But in reality, the Soviet state deliberately left a thin veil of obscurity on the concept of collective ownership. It never allowed it to mature organizationally, so that the stakeholders can exercise autonomy in collective decision making affecting business management of collective farms.

The collective farms were required to sell the produce to the state at fixed prices which were often ten times lower than the real prices. It became the mechanism through which the state subjugated the agriculture sector to subsidize industrial and urban development. Farmers being reduced to the status of workers supposed to carry out narrow specific tasks in farm operations were no longer decision makers of anything. The Government and the Party appointed ideologically hardened cadres dispatched from the cities without any agronomic knowledge. They decided which crops to grow and the size of areas to be sown under crops. Cooperative farm directors had scant regard for location-specific crop suitability, the focus was always on fulfilling government procurement targets of crop harvests.

The initial results of collectivization were mixed. The structural transformation was carried out at lightning speed and time had to pass for the results to be obvious and deliver the expected benefits. Besides, when achieving collective good under centralized control was the goal, there was no way for individual farm families not to experience the unintended shocks. The immediate aftermath of disruption of the existing production was indeed severe, acute food shortages arose leading to the death of more than 5 million people. But with the shock of a rocky transition to a new production system gradually easing and new production relations taking root, the cooperative farms harvested record levels of grain in 1937. Agricultural production slowly began rising. The economic potential created during socialist industrialization and agricultural transformation prepared the country to face yet another existential challenge from looming foreign aggression.

Great Patriotic War (1941-1945)

The Soviet people fought World War II with unprecedented heroism making tremendous sacrifices in blood and treasure. To them it was an all-out war against an adversary whose designs for the USSR were more sinister than for other occupied countries in Europe. This included not just elimination of the Soviet state grabbing its resources; but also physical elimination of the key part of its population and exiling the remainder to far remote areas without any infrastructure and consigning them to natural death[8].

For the Soviet people, it was a war about saving the country from extinction. Therefore literally translated from Russian, it was 'Great War for Fatherland' although the widespread English translation is "Great Patriotic War". Twenty-seven million people perished in this war. Large swathes of the country's

[8]Putin discussed the fate of the Russian nation in the event of defeat in the war, https://lenta.ru/news/2017/05/09/nation/

most developed regions lay in ruins. The country had to bear the brunt of onslaught by Hitler's war machine. Before the allies delayed opening of the second front in Europe till 1944 (probably in expectation for Hitler to complete annihilation of USSR), the USSR and the armed underground guerrilla movement in occupied countries were the only forces taking on fascist aggressors.

The advantage of Soviet central planning and the military-defense capabilities built during socialist industrialization were on vivid display during this war. In the initial stages of the war when USSR suffered series of setbacks on military front, the Soviet government mounted unprecedented coordinated efforts to evacuate from endangered zones key civilian industries, including military-industrial complexes producing battle tanks, other military hardware and war supplies to safer zones inside the country in Central Asia, Kazakhstan, Ural and western Siberia. This evacuation of industry in the second half of 1941 and early 1942 and restarting production in resettled areas illustrated the astonishing organizational capability of the party and the state. It was a major feat that ensured final victory in the war. The other unprecedented mobilization effort was to replace industry workers who went to war by their women compatriots left behind. Women and girls took on their shoulders the burden of heavy industrial jobs. In the collective farms also, they drove tractors and combines. Even after the war, women had to stay in these jobs because many men who went to the battlefield didn't return. This is the reason why March 8, the International Women's Day, has an entirely different connotation in Russia and is widely celebrated throughout the country to pay homage to enormous sacrifices women made in Soviet nation building.

The Great Patriotic War was a watershed moment in the history of the USSR. Dealing a crushing blow to the retreating German army in the final hours of the war, the Red Army heralded victory by raising the Soviet flag on top of Reichstag, the citadel of Nazism, on 2 May 1945. The Soviet Union emerged from World War II not only as a decisive winner but also a militarily and industrially powerful country. It was poised to take the role of superpower and along with the allies, the US and UK, redrew the borders of post-war Europe paving the way for emergence of a new world order. As a result, the borders of the USSR changed by annexation of new territories. The German city, Konigsberg, became the westernmost outpost of the Soviet Union on the Baltic Sea and renamed Kaliningrad. Also territories from Poland and

Hungary were ceded to join the USSR as western regions of the Ukrainian SSR. In the eastern Pacific, four Japanese Islands north of Hokkaido – Etorofu, Kunashiri, Shikotan, and Habomai – were annexed as South Kuril district of Sakhalin region in the Far East.

For the USSR, it was a historic opportunity to push its invisible borders deep into Europe creating a buffer zone of security. With active assistance of the Soviet Union and the presence of the Red Army, the left-communist forces that played an important role in the underground insurgent movements against the fascist invaders gained the upper hand and seized political power. Soon, in a number of countries in Eastern Europe (Bulgaria, Poland, Czechoslovakia, Hungary, Romania, Yugoslavia), communist parties came to power and established the Soviet model of building socialism. Germany was also bifurcated into two. The eastern part under the Soviet occupation was converted into the German Democratic Republic (GDR). The western part became the Federal Republic of Germany (FRG) under US control. The capital Berlin was also divided. The eastern part became the capital of GDR. West Berlin was converted into an autonomous protectorate under Anglo-American control. Thus, the end of the Second World War led to a new geopolitical reality – the division of the world into two camps distinct by economic system and political ideology – East and West. The East marked the emergence of a world socialist system incorporating the new-born Eastern European socialist states under the leadership of the Soviet Union. The West symbolized the alliance of traditional European powers with the developed capitalist economic system (UK, France, FRG, Italy) led by the United States. To make the point that this division was essentially confrontational with containment of the adversary at the heart of strategy, both camps developed their own military alliances. The North Atlantic Treaty Organization (NATO), the western military alliance, was established in 1949 followed by the emergence in 1955 of the eastern military block, Warsaw Pact (formally the Treaty of Friendship, Cooperation and Mutual Assistance).

Construction of socialism in the new world order

The Second World War tested the relevance of the Great October Socialist Revolution in shaping the destiny of post-Imperial Russia and its place in the world. The Soviet people scored a decisive victory in this war, elevating the country to such heights on the world stage that Imperial Russia had not experienced in its long history of nation building. It even surpassed records of institutional reform, modernization of the society and military victories to enhance the power and global outreach of the Russian state achieved by Peter the Great, the legendary emperor of Russia in the early eighteenth century.

Rapid industrialization and central planning in the years following the October Revolution created a robust military-industrial capacity and indigenous scientific-technological base. It also created an astonishing organizational capacity of the state to mobilize resources from the rear to supply the front that guaranteed victory. If the Bolshevist Party didn't take bold steps to carry forward the February bourgeois-democratic revolution, then the most probable outcome would have been the emergence of a capitalist Russian state with a social-democratic transformational agenda. The parties that dominated the country's political landscape after overthrow of the Tsarist monarchy were various socialist and social democratic parties with political agenda ranging from left to right-of-the centre.

The major parties were Bolshevists, Menshevists, Social Revolutionaries, Anarchists and Cadets. Intense political bickering and infighting that characterized participation of these parties in the transitional bourgeois-democratic government pointed to the likelihood of emergence of a fragile and chaotic political culture. It would hardly have been supportive of stabilizing the society shaken by volcanic eruption of people's discontent and desire for change unleashed by toppling of the Tsarist monarchy. The emergent Russian state would have been weak and incapable of mobilizing resources for rapid transformation so as to catch up with the developed neighbouring European countries. For such a state, extending the authority and exercising effective governance throughout the vast territories of imperial Russia would have been extremely difficult.

Effective governance of remote far-flung territories was a challenge even for the empire. Driven by fear that the United Kingdom might seize the territory in the event a war breaks out, Russia sold Alaska, its trading outpost on the west Pacific coast to the United States on March 30, 1867 for $7.2 million[9]. Therefore, holding the country together and preventing it from sliding into chaos and disintegration would have been a great challenge for a post-Imperial capitalist Russia without credible political authority and military means for power projection throughout the country.

Even in the best case scenario, for such a state beginning from a low level of industrial development and dominance of peasant agriculture,a social-democratic pathway of gradualist incremental change would have taken decades for transforming the country into an industrially and technologically advanced country at par with developed neighbouring countries of Europe. After the monarchy was toppled in 1917, Russia had only 24 years left to build its military-industrial, defence and logistic capabilities to counter then Europe's most sophisticated war machine, the German Wehrmacht. Had the October Socialist Revolution didn't occur, Russia's transformation into a matching power within such a short period wouldn't have happened and the county could have been easily overrun and conquered by Fascist Germany. With victory in the Second World War, the USSR stood on the verge of completion of the first phase of socialist construction.

The next challenge for advancing the ideas of the October Revolution was more daunting in a new geo-political context with its opportunities and constraints for the USSR. It was about developing robust political and economic systems consistent with the framework of Marxist ideology that could compete with the capitalist economic model and the system of governance on the basis of productivity and orientation to diversification of the economy.

As stated in the foregoing, the USSR emerged from the war as a superpower leading the block of newly emergent socialist countries and USA, the other superpower leading the western block of capitalist democracies. The two wartime allies, USA and USSR, however ,quickly turned into adversaries and became locked in a low-intensity military confrontation (popularly known as cold war) aimed at containing each other's influence on the world stage. But containment was more urgent for the United States to stop the ideals of socialist revolution from spreading into colonial countries of Asia and Africa

[9]http://services.rbth.ru/arts/2014/04/20/why_did_russia_sell_alaska_to_the_united_states_36061.html

and inspiring national liberation movements in these countries. The emergence of the world socialist system and the decline of UK and France, the major colonial powers, at the end of the war accelerated the process of decolonization.

The United States launched groundwork for igniting the Cold War back in 1945 in the waning days of the Second World War. On August 6 and 9, 1945 American military pilots dropped two atomic bombs on the Japanese cities of Hiroshima and Nagasaki that instantly killed about half of the populations and the others who survived became sick due to exposure to radioactive radiation and died later. Hardly there was any military justification for inflicting this unimaginable calamity on the civilian population. In reality, the goal was to frighten the USSR and subjugate it. There was hardly time for the country to take a break from the military-mobilization mode and fully concentrate on rebuilding the war-devastated economy and people's livelihoods.

Joseph Stalin, having led the country through the most challenging period of building socialism and defeating fascist invasion was fired by a steely resolve to neutralize the danger that again hung over the country. He was determined to not allow the American blackmail to stand in the way of Soviet nation building. Stalin entrusted the task of developing the atomic bomb to a team of Soviet physicists led by Igor Kurchatov. For this purpose all available resources were rapidly mobilized for accelerating ongoing nuclear research and technology development and industrial capacity building for enrichment and production of fission materials. The first Soviet atomic bomb was assembled and detonated in September 1949 ending the American monopoly on nuclear weapons.

The world saw with dismay the beginning of the arms race – creation of newer versions of more deadly nuclear weapons and the means of their delivery to the adversary ensuring mutual annihilation. Officially, the end of the Second World War symbolized the embarking of the Soviet Union on the next stage of socialist construction reaping the dividends of peace time and the country's elevated global stature. But along with opportunities came also complexities and difficulties in successfully addressing the challenges of this time. The Soviet Government faced the twin task of restoration of devastated parts of the country, people's livelihoods and simultaneously building new capacities to increase the country's industrial, scientific-technological potential and improving people's standard of living. The Great Victory extracted a great price from the Soviet people. The war swept over the most economically developed regions. Most industrial centers in the European part of the country were devastated. Terrible damages were inflicted on the agricultural heartland – Ukraine, the North Caucasus, the Volga region.

The war claimed 27 million lives. The country's economy, particularly in occupied territory, was thoroughly devastated. A total of 1,710 cities and townships, 70,000 villages and rural settlements were completely or partially destroyed. About 32,000 industrial enterprises, 65,000 kilometers of railroad tracks and 36.8 million hectares of arable crop land were destroyed or severely damaged. About 75 million people lost their homes.[10] The concentration of efforts in military-industrial production, necessary

[10] USSR in 1945 – 1953. Economics, Power and Society, http://www.nivestnik.ru/2002_1/21.shtml

to achieve victory, led to significant shortages of resources, decrease in the production of consumer goods and a sharp decline in people's standard of living which was thrown back to the early 1930s.

Following the war the Soviet Government announced its ambitious plan for restoration of the war-devastated economy over the period 1946–1950 at breakneck speed. It set the task of reaching the pre-war level (as of 1940) of industrial and agricultural production within two years by 1948 and by the end of the period significantly exceeding it. Mobilization of resources for the accomplishment of this gigantic post-war nation building presented an extremely difficult challenge for the Soviet Union. Because resources were also needed to support rehabilitation and reconstruction in war-ravaged fellow East European countries which also embarked on socialist construction. The Soviet Union had to depend on its own resources, while war-torn West European countries were offered about 17 billion dollars of rehabilitation assistance package from the US government under the Marshall Plan (1948-1952). The US economy emerging from a long recession during the 1930s entered the phase of rapid growth in the 1940s. The country left intact by war damage had enormous resources for coalition building overseas to extend its global outreach as the unquestionable leader of the western capitalist block.

In contrast, the Soviet Union assumed the leadership of the rival socialist block in a difficult period. Hardly the country was emerging from the ruins of the war; it was hit by one of the most severe droughts in history in 1946 which destroyed fields of grain crops in Moldavia, Ukraine, Central regions, the Volga, and North Caucasus region. As a result, massive food shortages arose causing famine in these regions. Even under this dire situation with domestic food supplies, the Soviet Union only in 1946-1947 provided food assistance to East European socialist countries to the tune of 25 million tonnes of food grain. Thus, in the new geo-political reality, three challenges were thrust upon the Soviet Government that had to be addressed concurrently: (a) restoration of war-devastated parts of the country; (b) building new capacities to boost industrial and technological capacity of the country focusing on keeping pace in the arms race, and (c) investing in the country's extended footprint in the slice of the world that it carved with the US to hold it under its control.

For implementing this grandiose rehabilitation and rebuilding task under extreme shortages of material and human resources, the Soviet Government had no choice but to resort to the time-tested model of pre-war industrialization banking on patriotism and mass mobilization for selfless labour and collective sacrifice for the motherland. The people still languishing in impoverishment with their livelihoods thrown back to the standards of early 1930s responded to the Party's call and rose to the challenge. This was possible by the effect the glorious victory in the war produced on the consciousness of Soviet people instilling in them tremendous optimism which inspired them to ignore the difficulties of the moment and instead focus on the looming brighter future.

Already in 1948, the Government succeeded in restoring to the prewar level production of key sectors of heavy industry: production of metals (steel, cast iron, non-ferrous metals);machines and tools; electric power generation, coal mining, oil and petro-chemicals. About 6200 industrial enterprises were built and restored; agricultural production was restored to pre-war levels. By 1950, both industrial and agricultural production considerably exceeded pre-war levels of production. Foundations of the atomic energy

industry, missile and rocket science and technology were laid with a focus on development and delivery across continents of nuclear weapons.

Another moment of great national pride came when the Soviet Union overtook the United States in space exploration by launching the first artificial satellite *Sputnik* in 1957. It was followed by launching in April 12, 1961 of the first spaceship *Vostok-1* with Yuri Gagarin on board ushering in the dawning of cosmonautics and manned space flights. That a Soviet citizen became the first human to travel into space and Russian became the language first spoken in space sparked unprecedented patriotic euphoria and jubilation across the country instilling in people confidence in the greatness of their country.

It was a unique moment when the people truly believed in the superiority of the socialist economic system that allowed the USSR, hardly emerging from the ruins of the war, overtake the US, technologically the most advanced country in the world. But basking in the glory, the Soviet leadership became oblivious of the flip side of this achievement. Apart from the arms race, the Soviet Union became entangled with the United States in the costly race for superiority in space research and exploration. While the US could afford both without hindering growth in the civilian sectors of economy because of its vast economic potential, it was not the case for the USSR. Investment in both races of enormous resources not proportional to its actual economic potential was slowly eroding sustainability of the economy leaving inadequate resources for developing the civilian sectors.

In the hindsight, this critical mistake made in the late 1950s, far from being addressed subsequently, became deeply entrenched as tenseconfrontationofthe cold war extended to new theatres in Cuba, Vietnam, Laos, Angola, Nicaragua, Ethiopia and finally Afghanistan.But when the senses came to back to new generation of Soviet leaders, it was already too late and the situation was slipping out of control. In order to understand why this happened, it is important to take a look at how the Soviet economy was structured.

The structure of Soviet socialist economy

Marxist ideology was the guiding principle for construction of the Soviet socialist economy. Accordingly, its potential anytime to produce material goods and services depended on the type of organizational structures and management systems that were in place for its functioning. Key ideological parameters of the Soviet economy were laid in the 1936 constitution of the USSR[11].

The declared economic basis of the country was socialist ownership of the tools and means of production, established as a result of abolition of the capitalist economic system, private ownership of the tools and means of production and elimination of exploitation of humans by humans. Two forms of socialist ownership were designated: state property (public property) and cooperative-collective farm property (property of individual collective farms and property of cooperative associations). State property (public property) included land, subterranean resources, industries, mines, rail, water and air

[11]Constitution of the Union of the Soviet Socialist Republics 1936
http://www.hist.msu.ru/ER/Etext/cnst1936.htm#1

transport, banks, means of communication, state-organized major agricultural enterprises (state farms, machine-tractor stations, etc.), as well as utilities and the main housing assets in cities and industrial centres.
Public enterprises in collective farms and cooperative organizations with their entire inventory; products produced by collective farms and cooperative organizations, as well as their public facilities constituted public, socialist property of collective farms and cooperative organizations. The land occupied by collective farms was assigned to them for free and unlimited use forever.

The constitution while upholding socialist ownership as the foundation of the Soviet economy also allowed a small private economy with production assets allocated for “use by citizens” under state control and not as “private ownership. Each collective farm household, in addition to the main income earned from socialized collective farming, was allowed to keep in personal use a small backyard land plot and in personal property household farming on this plot, residential home, productive livestock, poultry and small farm implements.

The scope of the private economy was also extended to small cottage industries to be run by personal and family labour excluding hired labour. In the society where the notion “collective” deeply permeated public consciousness, the Constitution also defined the extent of citizens’ private domain to be protected by law. This included citizens’ rights of personal property to their income and savings earned through their work; to residential homes and the ancillary household economy; to articles of household economy and livelihoods; to articles of personal consumption and convenience as well as the right to inherit personal property.

In short, in drawing a line of distinction between the mainstream public sector economy designed to work for all and the peripheral economic activities in private domain for fulfilling personal needs, the Soviet Government attempted to close loopholes to ensure all household incomes are earned only through investing own labour and not expropriating fruits of someone else’s labour. This was how “exploitation of humans by humans” was supposed to be eliminated. The 1936 constitution of the USSR, in effect, formalized the structure of the economy and its management methods that took shape following the years of war communism, NEP and industrialization.

The highest executive authority that the Soviet government designed for enforcement of socialist ownership of the means of production was called ‘’People’s Commissariat.” These were established both at the level of the Union and Republics and were headed by “People’s Commissars”. In 1946 ‘’People’s Commissariat” was renamed as “Ministry” and “People’s Commissar” as “Minister.”This step was probably taken to end unnecessary overt manifestation of revolutionary zeal, bring uniformity with the global practice and signal USSR’s desire for integration with the global economy.

Ministries were organized by sectors and sub-sectors of the national economy bringing all types of material goods and services production functions under the oversight of a concerned Ministry. Thus, in effect, a Ministry exercised ownership right on behalf of the state on all means of production and

facilities in a particular sector and was responsible for organizing and managing production as well as further capacity building in that particular sector.

The number of ministries, their organizational structure and administrative responsibilities varied as the Soviet economy evolved and new challenges emerged. Typically in USSR ministries existed for agriculture, chemical industry, machine building for light and food-processing industry, machine building for power industry, tractor and agricultural machine building, metallurgy (ferrous and non-ferrous), meat and milk processing industry, natural gas, petroleum and petrochemical industry, aviation and space industry and other relevant branches of the economy.

Thus a Soviet ministry responsible for any branch of the economy had to combine entrepreneurial functions with policy and rule-making functions for all its subordinate entities. In other words, a Soviet economic minister for the most part was a public entrepreneur-in-chief in his field. In executing this function, he had to rely principally on administrative means and often micromanaged with directors of dozens of subordinate industrial units and other facilities to organize and run commercial production in respective industrial units. The management approach was top-down whereby operational responsibilities were delegated to the directors of subordinate industrial enterprises with little autonomy in decision making and annual planned production targets were handed down. Accountability of directors of enterprises was ensured through conformance to implementing instructions transmitted from the above and fulfillment of production targets.

The key pillar of the Soviet economy was the State Planning Committee (SPC) of the USSR Council of Ministers (widely known by Russian acronym GOSPLAN). The SPC was the central government body tasked with planning for development of the USSR's national economy and control of fulfillment of economic plans. Established in 1923, SPC at the beginning played a consultative role coordinating the planning process at the level of union republics and then developing the national plan. From 1925, the SPC started formulating annual plans of development of the USSR economy, which were known as "control numbers".

With the launching of industrialization in the early 1930s, the SPC switched to five-year planning cycles drafting the country' s first Five-Year plan (1928–1932). Having successfully fulfilled the first plan ahead of schedule, the SPC and the five-year planning cycles emerged as the key institution underlying the foundation of the socialist economy. The Soviet Union's experience of economic planning also became popular abroad. Many newly independent countries such as India, Pakistan, Egypt, Indonesia, and Bangladesh emerging from long colonial rule opted for independent state-directed capitalist ways of economic development. These countries embraced the Soviet model of economic planning, having set up their own Planning Commissions and launching five-year planning cycles.

The Soviet economic model that took shape following implementation of consecutive five-year development plans over the period 1930–1960 was distinct from the capitalist market-based economy by several characteristics. First of all, as stated above, Socialist ownership of the means of production and the decisive role of the state were the key aspects of organizing economic production. The economy

was centrally managed based on directive planning and oriented to achieving maximum self-sufficiency. The national economy was treated as a single unit in performance assessment. This means Soviet industries and enterprises were not viewed as autonomous independent entities. They were constituents of a particular sector of the economy. In performance assessment, sectoral performance took precedence over individual enterprise performance. In practice, this meant if any enterprise was not running profitably, its finances were restored by cross-channelling resources from profit-making enterprises. As a result, so long as majority production units in any given sector were earning profits, that sector was considered profitable.

The performance of the national economy was viewed as an aggregate of sectoral performances. In this sense, the Soviet economy was considered as a single entity. From the perspective of a market-based economy, it looked strange and counter productive. But profit generation in the Soviet economy was not meant for expropriation by individuals, it was aimed to benefit the entire population of the country. There was an apprehension in the communist party leadership until Stalin was in charge that without strict administrative oversight, socialist enterprises may start functioning based on cost-accounting and profitability leading not to socialism but state capitalism.

Performance assessment was oriented primarily to the physical quantity of outputs produced with a secondary role assigned to consideration of production cost. In the Soviet economy, commodity-money relations were squeezed to the minimum. Greater priority was assigned to rapid development and capacity building in heavy industry designed to produce means of production than the industrial sectors responsible for production of consumer goods. Labour was rewarded through a combination of material and moral incentives.

Political system and governance structure

The Soviet Union's economic system was closely intertwined with its political system. Political decisions of the ruling party trumped any other considerations in economic policy making including its planning and management. Strategic guidance for development of the economy and key areas for investment was provided at the Congresses and plenary meetings of the CPSU and its Central Committee. The evolution of the country's political system since the victory of the October Revolution in 1917 centered on positioning the working class on top of the state power. It sought to provide the working class with a dominating role in all aspects of public life. But as the construction of socialism proceeded and the country crossed important milestones on the road to building socialism, nuances were added to interpret domination of the working class in the society.

The first constitution of post-revolutionary Russia drafted under Lenin's supervision and adopted at the fifth All-Russian Congress of Soviets held on 10 July 1918 implemented literally Marx's communist manifesto. The revolutionary idealism and determination to eliminate exploitation of humans by humans, establish a classless communist society and spread the wave of socialist revolutions all over the

world were reflected uncompromisingly in the constitution[12]. The framers of the constitution were unabashed and didn't mince words in stressing the centrality of dictatorship of the proletariat in nation building. Article 7 of the constitution says "The third All-Russian Congress of Soviets of Workers', Soldiers' and Peasants' Deputies believe that now at the moment of decisive battle of the proletariat with its exploiters, no one from the ranks of the exploiting class will have any place in any authority of state power. Power must entirely belong to the working masses and their true representatives – the Soviets of Workers', Soldiers' and the Peasants' Deputies". Article 9 says "The key task envisaged for the present transitional moment in the Constitution of RSFSR consists in *establishment of dictatorship of the urban and rural proletariat and the poorest peasantry manifested* in a powerful all-Russian Soviet Government for the purpose of total suppression of the bourgeoisie, abolition of exploitation of humans by humans and the establishment of socialism, in which there will be no division into classes, nor state power.

Contrary to western propaganda, this dictatorship was not authoritarian. Rather a bottom-up participatory democratic system was chosen to implement collective dictatorship which laid the basis of the country's political system. It was the Soviet (Council) of Workers', Peasants' and Soldiers' Deputies, which sprang up during 1905–1907 in the aftermath of the failed first Russian revolution. With time, these elected grassroots level bodies of people's power gained prominence and became popular. Bolshevik leaders saw in it tremendous potential for use as a platform for establishment of the proletariat's dictatorship. So, one of the slogans of the October Revolution was "All power to the Soviets (Вся власть советам)". Article 1 of the 1918 constitution says "Russia is declared a Republic of Soviets of Workers', Soldiers' and Peasants' Deputies. All powers at the central and local level belong to these Soviets. The structure of the Soviet power was built from the grassroots level. Soviets were organized beginning at the smallest administrative-territorial division: village, larger rural settlement (Волость), District (Район), Governorate/Province (Губерня), and Oblast (Division).

The All-Russian Congress of Soviets was the supreme power of the Russian Socialist Federal Soviet Republic (RSFSR). It was formed with deputies of lower-level (administrative division) congresses of Soviets and deputies of city Soviets. Each higher level congress of Soviets was formed with delegates from lower level of congresses, and therefore was accountable to these lower-level congresses. Elections to local Soviets were held every three months and, as a result, the composition of delegates to congresses of all levels as well as city Soviets changed. And this, in turn, determined the composition of delegates to the All-Russian Congress of Soviets. It reflected a dynamic, bottom-up, participatory democratic practice in which people at the grassroots level had the opportunity to hold the Government directly accountable to them. In the intervening period between Congresses, the highest authority of the Republic was the All-Russia Central Executive Committee of the Soviets which was accountable to the All-Russian Congress of Soviets. All-Russian Congress of Soviets was convened by the Central Executive Committee in frequency no less than twice a year.

[12]Constitution (Basic Law) of the Russian Socialist Federal Soviet Republic, adopted at V All-Russian Congress of Soviets held 10 July 1918 http://www.hist.msu.ru/ER/Etext/cnst1918.htm

Thus the nascent Soviet power structure allowed for more direct and participatory democracy. Because the deputies could be changed by popular votes at each session of the All-Russian Congress of Soviets. The framers of the 1918 constitution under the guidance of V.I. Lenin took a long view of their nation building project based on Marx's ideals. They were conscious of the need to sustain and bolster working people's revolutionary enthusiasm, their preeminence in society, and their perpetual stake in development, and so wisely decided to not provide any constitutional role to the Communist party. The idea was to keep the party strictly within the boundaries of providing ideological guidance and strategic direction and not to corrupt the party's rank and file by providing them with the opportunity to be involved in day-to-day business of running state affairs. Institutions for running the business of the State, as defined in the constitution and their accountability were scrupulously built on popularly elected Soviet power structures.

Constitutional safeguards were provided to put in practice and uphold dictatorship of the proletariat by grading citizens' constitutional rights with their class origin. A whole range of non-proletariat groups in the society, designated as the class of exploiters (such as clergy and members of religious cults, nobility and the remnants of bourgeoisie, former police, security and intelligence officials, operators of private sector trade and business; and people hiring labour and trying to make a living without working) was deprived of voting rights. Voting rules were also unequal even with regard to peasants (a class deemed not 100% proletariat). In order to be elected, a peasant needed to secure a larger number of votes than did a worker. Voting was organized on the principle of attaching priority to industries and factories rather than coverage of territories. This was to ensure an overwhelming majority of workers' representatives in the number of deputies sent to the country's supreme legislature. Of course, all these exceptions looked contrary to human rights and in violation of conventional constitutional ethics and practices. But they were vitally needed to guarantee preeminence and unchallenged role of the working class in a state whose legitimacy rested on dictatorship of the proletariat.

The structure of the Soviet state transformed in 1922 with the founding of the Union of Soviet Socialist Republics (USSR) on the territories of post-imperial Russia, most of which became the Russian Socialist Federal Soviet Republic (RSFSR) in the wake of the victory of the October Revolution. To reflect this reality and also mark successful completion of construction of the first phase of socialism, a new constitution was adopted in 1936. It was also popularly called "Stalin's constitution or the constitution of victorious socialism. It promulgated the Union of Soviet Socialist Republics (USSR) as a "socialist state of workers and peasants." The supreme body of state power of the USSR was designated as the Supreme Soviet of the USSR. The Supreme Soviet was a bicameral legislature consisting of two chambers – the Soviet of the Union and the Soviet of Nationalities – with equal rights. Both chambers had the same legislative initiative. The law is considered approved if it is adopted by both chambers of the Supreme Soviet of the USSR by a simple majority of votes of each chamber.

The Soviet of the Union was elected by the citizens of the USSR according to electoral areas on the basis of one deputy for every 300,000 of the population. The Supreme Soviet was elected for four years. The USSR had a collective form of supreme state authority. The Supreme Soviet at a joint sitting of both Chambers used to elect the Presidium of the Supreme Soviet of the USSR. It consisted of a President of

the Presidium of the Supreme Soviet, sixteen Vice-Presidents, a Secretary of the Presidium and twenty-four members of the Presidium. The Presidium of the Supreme Soviet of the USSR was accountable to the Supreme Soviet of the USSR for all its activities. The highest executive and administrative organ of state authority was the Council of People's Commissars (later renamed as Council of Ministers) of the USSR. Supreme Soviets were also created at the level of union republics.

The new constitution in many ways made a break with key ideological postulates of the preceding constitution; particularly the safeguards that protected dominance of the proletariat were watered down. The revolutionary spirit and fervour that underpinned the previous constitution was tempered. As mentioned above, it began with declaring the Union of Soviet Socialist Republics (USSR) as a "socialist state of workers and peasants." Few would have a problem with this because which country is not a country of workers and peasants. The emphasis on dictatorship of proletariat was withdrawn and a reference to it wrapped in verbosity was made in Article 2, which says "The political basis of the USSR is the Soviets of Workers' Deputies, which grew up and gained strength as a result of overthrow of the powers of landowners and capitalists and conquests of the dictatorship of the proletariat". It was thus made clear that "dictatorship of the proletariat" had delivered intended results, outlived its purpose and Soviet society was moving on. But how could it be? Just 3-4 years ago, tremendous coercive measures had to be applied in the countryside to abolish peasant farming and convert it into collective farming. How could a peasant farmer forget so soon the pains of losing his own farm holdings and properties and would happily reconcile with the reality of toiling as a worker on a collective farm?

Although in the new constitution the political basis was still "Soviets", substantial changes were made in their organization and structure as well as voting procedures that contributed to weakening of the dominant status of industrial workers. Instead of "Soviets of Workers', Soldiers' and Peasants' Deputies", as it was in the 1918 constitution, they were renamed simply as "Soviets of Workers' Deputies". In the new definition, emphasis on the class-content of the working class was diluted; it now comprised everyone who worked, including industry workers, peasants, intelligentsia with equal status. According to the new constitution, the voters voted separately for each level of Soviet – Village, District, Region, Division, Republic (Union/Autonomous) and the National Supreme Soviet. This meant each higher level of Soviet power in no way depended on the lower level of Soviet power.

In contrast, according to the 1918 constitution, each higher level of Congress was formed with representatives of lower levels of Congresses and thus was accountable to them. The 1936 constitution, in essence, replaced a bottom up participatory democratic system with a top-down hierarchical subordination structure.It eroded the value of "Soviets" as institutions for exercising participatory representative democracy and favoured emergence of bureaucracy, functioning of democratic institutions that contributed to dampening of people's initiatives and enthusiasm for change. Accountability of elected institutions to the electorate was also undermined.

Whereas in the 1918 constitution local Soviets were elected every three months, according to the new constitution this period was increased to two years. This meant the electorate had to wait much longer to change their representative if deemed unfit. The timeline for election to the Supreme Soviet was

extended to four years as opposed to three months to the All-Russian Congress of Soviets. The composition of the latter changed every three months with many new faces appearing in each session of the congress, so it was more dynamic and supportive of new initiatives because each deputy knew they would have to go back to the electorate. No such compulsion existed for the deputy of the Supreme Soviet and the lower-level Soviets were no longer able to hold them accountable for performance.

Surprisingly, the 1936 constitution in article 125 guaranteed citizens of the USSR such rights protected by law as freedom of speech, freedom of the press, freedom of assembly and rallies, freedom of street processions and demonstrations. These rights were secured by making provisions for workers and their organizations to have access to printing presses, paper stocks, public buildings, streets, communications and other material conditions necessary for their implementation. In short, the new constitution was made to closely resemble constitutions of any capitalist liberal democratic country.

But the realities of Soviet society in 1936 just two decades after the revolution contrasted sharply with the possibility for citizens to exercise those rights in any meaningful way. Because the presence of the state and its security and control apparatus was pervasive in all aspects of public life. And neither any group in the society was seriously clamouring for those rights to be enshrined in the constitution. The non-proletarian groups pushed to the edge of society were struggling to somehow preserve their existence and seek cooperation and accommodation with the working class in the changed context. For independent minded intellectuals, professionals, members of the church it was a tough time filled with agony to play within the rules and confines set by the Communist Party and reconcile with the challenges of merging into the emerging class of labour-friendly (later renamed people's) intelligentsia (трудовая/народная интеллигенция). For them trying to exercise those human rights would have amounted to inviting the wrath of the security apparatus which was free to act with impunity from behind the scene and thus for them plainly idiotic even to think about.

While upholding these human rights in the constitution, the Soviet leadership under Stalin adopted a balancing approach to ensure those human rights are hardly exercised in practice. In a significant break with the tradition of keeping the party away from governance functions, the 1936 constitution in article 126 formally granted a privileged status to the Communist Party. Although it was done somewhat indirectly, it opened the way for party organizations' influence steadily creeping into the functioning of elected councils (Soviets). The Article says: "In accordance with the interests of workers and for the purpose of development of organizational initiative and political activism of the masses, citizens of the USSR are ensured of the right to join public organizations: trade unions, cooperative associations, youth organizations, sports and martial arts organizations, cultural, technical and scientific scientific societies. And the most active and conscious citizens from the ranks of working class, peasant workers and working-class intelligentsia voluntarily unite in the Communist Party of the Soviet Union, which is the advanced detachment of workers in their struggle for building a communist society and representing the leading nucleus of all workers' organizations, both social and state".

Stalin's constitutional agenda in 1936 was directed at both domestic and international audiences. Having secured victory of socialism based on successful completion of industrialization and collectivization,

Stalin was adamant to a draw a line under Lenin's legacy by shifting the focus on lowering intensity of class struggle, increasing cohesion of new social groups that emerged from traumatic transformation of the established social order and fostering a sense of predictability and normalcy in citizens' daily lives under pervasive oversight of party and security apparatus. Membership in the CPSU was no longer restricted to industrial workers and poorest of the peasants. It was now open to everybody willing to cooperate in implementing the party's agenda and abide by instruction of party higher ups.

Internationally, Stalin's aim was to secure greater acceptability of Soviet Union's one-party rule by fixing in the constitution universal human rights protected by law and structurally reorganizing elected units of Soviet power at all levels along the institutional design of conventional parliamentary democracy of developed capitalist countries. Unwittingly, Stalin's constitutional reforms were implemented too soon. Diluting ideological focus was not a good idea in the long-term perspective. The negative trends that subsequently entrenched in the Soviet Union's political system was largely due to converting the CPSU into everybody's party before conditions were ripe for doing so. Facilitating its intervention in functioning of Soviet organs of power led to emergence of dual power structure setting the stage for Soviet Union's evolution into a party-state with steady erosion of elected democratic institutions and growing trend toward authoritarianism.

Constitutional changes also impacted on the evolution of the Soviet Union's governance system. To begin with, the governance issue was always a grey zone in the country's political system. It didn't have a structured national civil service designed to provide public services with its own rule book for recruitment of personnel, promotion and advancement in career free from interference of the government in power. Viewed as belonging to the class of exploiters, the civil service of Tsarist Russia was disbanded immediately after the revolution. Not only it was dictated ideologically, but also on practical considerations because most senior-level bureaucrats didn't hide their hostility and contempt to their new political masters. They actively sabotaged efforts of the nascent Soviet Government to establish authority in the early days of the revolution. To allay the void created in providing governance functions, Vladimir Lenin adopted an approach which was both aspirational and practical. He took to the political stage calling for changing the mindset, doing away with the belief that only bureaucrats dependent on capitalist masters can run the country. He stressed the importance of boosting confidence in the rank of workers and oppressed people that given the opportunity they also can and must rise up to the task of correct and strictly orderly distribution of bread, milk, food, clothing, housing and other items among the poor.

These were not mere words. Efforts were immediately launched to train the new generation of managers from the ranks of working class and peasants. In the interim, the new bureaucratic apparatus was staffed with representatives of professional revolutionaries, the so-called "Leninist Guard" who embodied true revolutionary spirits and personified Marxist ideals. Representatives of the working class and a limited number of "bourgeois" specialists of the old civil service who agreed to cooperate were also involved. Being aware of the danger of letting the working-class bureaucracy emerge into another privileged social group, Lenin called for strict limits on salaries and benefits of top bureaucrats to not exceed roughly the double the average of what industry workers used to receive. But these safeguards could not be

sustained for long, particularly after Lenin's death. It was due to gradual weakening of the influence of old guard Leninist school of professional revolutionaries in the party's policy making circle.

The concept of "Civil Service" was replaced by "Cadre Service" consistent with strategic elements of the Communist Party's Cadre Policy. Unlike a transparent national civil service, the Soviet Union's emerging bureaucracy was opaque. The procedures for recruitment of cadres, promotion and advancement in service career were determined and updated time to time by CPSU's top leadership in charge of cadre policy. Whims of party leaders, their individual preferences, relationship with them along friendship and family lines were often deciding factors in getting recruited into the state bureaucracy. But in the early days of Soviet power, this was not necessarily a bad policy. In those days even with application of these criteria, the top positions could be filled with the best minds who delivered what was expected of them. Unlike most other countries, the Soviet Union's bureaucracy was bigger and more complex. This comprised the traditional civil service for administrative management and a whole new army of bureaucrats who filled managerial positions in ministries responsible for running different sectors of the national economy. These "economic bureaucrats," as stated in the preceding chapter, were custodians of socialized means of production and public assets. They enforced this right on behalf of the state. Thus two sets of bureaucracy loomed heavily on public life in the Soviet Union. It posed a clear danger for the working class to disappear from the driver's seat of Soviet society.

With Stalin's ascent to power, the old guard of the Leninist period was gradually ousted. They were replaced by new faces whose suitability was determined solely on the basis of *loyalty* to the new leadership. Gradually a new mechanism evolved for recruitment of personnel for filling managerial positions in the administrative and economic bureaucracy. The bureaucratic system introduced for staffing the highest echelons of the state apparatus became known as "*Nomenclatura*." Candidates for these positions were scrutinized and approved by party committees. Stalin defined the requirements for *Nomenclatura* as "People who are capable of implementing directives; able to understand directives; able to see the directives as their own; and who know how to enforce them"[13].

As evident, senior Soviet bureaucrats were not expected to contribute to policy making. Loyalty and readiness to blindly implement whatever was handed down to them from the top were the traits the party higher-ups were looking for while confirming nominations to senior positions in the state apparatus. Stalin's proverbial statement "Cadres decide everything" underscored the importance party leadership attached to selecting candidates for filling top positions in the bureaucracy. In order to foster this mindset in the young generation from the very beginning, the Young Communist League, popularly known as Komsomol, the CPSU's youth branch, was used as a platform. Membership in the Komsomol and active participation in its various nation-building projects became one of the surest routes for getting entry into bureaucracy.

[13]Civil Service in Russia, https://traditio.wiki/Chinovnichestvo

Implementation of this policy resulted in power gradually passed to a limited circle of individuals who lost their connection to the working class and emerged as a special privileged group. As stated in the preceding chapter, members of *Nomenclatura* disconnected from the people posted in Soviet economic ministries became the real owners of the socialized means of production. With no accountability to people, their control on Soviet economic life was absolute. As the Soviet economy developed and confronted new challenges, the actions of the *Nomenclatura* were not always in the interests of the working class and the people.

Performance of centrally planned economy

The Soviet centrally planned economy delivered economic miracles through the entire period of industrialization, war and post-war reconstruction spanning 1930 to mid-1950s. It was possible because institutional structures and management systems to run the economy were erected in the true spirit of the country's constitution with the construction of socialism and its strengthening as the end goal of the economy. So long as Joseph Stalin was at the helm of the party and the state, the Soviet leadership was clear in its goal. There was no dithering on the part of the Soviet leadership to pursue the time-tested Soviet economic model in addressing emerging challenges of economic development and improving people's welfare in the post-war era. As discussed in the preceding chapter, the party didn't deviate from the fundamentals of the centrally planned economy. It stayed the course in post-war reconstruction and industrial capacity building until the death of Stalin in 1953. It was the time when the Soviet government completed the task of building industrial society in the USSR and was planning to leap into the post-industrial stage of development.

The sudden death of Stalin, the icon of Soviet nation building and its transformation into a superpower, heralded an unexpected opportunity for his opponents in the party ranks to question the continuing validity of the orthodox Soviet economic model. Fingers were raised at a highly skewed pattern of Soviet industrialization in favour of defence and heavy industries where most advanced technologies, scientific potential and material resources were directed. Residual resources were allocated for meeting the needs of food processing, medium and light industries producing goods and services for consumption that citizens associate with improving their welfare. As a result, these sectors remained chronically underfunded.Production of consumer goods grew slowly and shortages in supply of essential consumer goods were felt.

The classic Soviet economic model with such spending priority was designed to address challenges of socio-economic growth under extreme emergency conditions. Addressing most pressing and immediate needs of the civilian sector was sacrificed to consideration of long-term priorities. Stalin's successor, Nikita Sergeyevich Khrushchev, was adamant to draw the curtain under Stalin's legacy. He sought a fresh beginning to rebalance the structure of the Soviet economy taking it off the rails of emergency mode. The approach was based on institutional redesigning and policy overhaul of management methods with a focus on relaxing administrative control, decentralization of economic management and ,where applicable, some autonomy to socialized production units.

But in implementing the new policy, Khrushchev adopted a muddled approach. It was full of contradictions, and the end results were disappointing, particularly for the agriculture sector. To be fair, this muddling was bound to surface at some point as reforms progressed. Because once the proposed tweakings to management of socialized enterprise went into implementation, there was concern to not let them outgrow and challenge the foundation of socialist economy. Revitalizing collective agriculture was an uphill task not only for Khrushchev but for all Soviet leaders who followed him. I

In the chapter on collectivization, we have shown from the very beginning the agriculture sector's growth potential was subordinated to industrialization and urban development. Hence, there was an inbuilt limit to how far productivity of Soviet agriculture could advance. In the post-war fourth Five-Year Plan (1948-1952), only 7 percent of the total investments were directed for development of the agriculture sector. As in the initial years of industrialization, the rural sector was called upon to bear the main burden of restoration and further industrialization of the country. The Government was compelled to seize in the form of taxes and mandatory supplies more than 50 percent of the output of collective and state farms to fund development of industry. Procurement prices for agricultural products had not changed since 1928, while prices on industrial products rose 20 times over the same period.

Khrushchev's reforms began with increasing procurement prices of farm produce by the state. It increased almost three times toward the end of the 1950s. In the mid-1950s, agricultural production in many years became profitable. Reforms also touched limited private farming on backyard plots that each cooperative farm household was allocated to grow vegetables, fruits and rear livestock. Taxes on produce from the farmers' backyard plots were reduced and their sizes were allowed to increase five times. But these reforms were rolled back in 1958 with diminishing the size of backyard plots to ostensibly eliminate any possibility of resurgence of rural bourgeoisie that may pose threat to consolidation of socialism. This was an outlandish claim because private land holdings so small in size had never any prospect for generation of plenty of cash but they indeed contributed to supplementing incomes and strengthening household food security particularly with livestock products.

In 1959, this limited private farming accounted for about 3 to 5 percent of the total sown area, but for a much larger proportion of livestock and animal products. In 1959 the population still owned one-third of the total cattle, one-half of the cows, one-fourth of the hogs, and one-fifth of the sheep, in spite of government pressure on the people to sell their animals to the state. In the same year, private production accounted for 47 percent of the meat, 49 percent of the milk, and 82 percent of the eggs produced in the country. The garden plots yielded over half the green vegetables and 65 percent of the potatoes[14]. But the government relentlessly pressured collective farm management to limit the scope of private farming.

[14]Bell, R.E. 1961. Comparison of Agriculture in the United States and Soviet Union, http://usda.mannlib.cornell.edu/usda/ers/ERSF/1960s/1961/ERSF-06-07-1961_Comparison%20of%20Agriculture%20in%20the%20U.S.%20and%20Soviet%20Union.pdf

By 1960, the Communist Party achieved almost total socialization of the means of rural production. In the process the size of cooperative farms increased to absurd levels crossing all plausible thresholds of the economy of scale. Cooperative farms became giant rural enterprises for production of primary agricultural produce creating jobs for the rural workforce. This process of farm amalgamation is illustrated in Table 1. But in this process, the rural peasant class disappeared and with it a rich mosaic of vibrant rural culture. As evident from Table 1, the average cooperative farm size in 1960 was 2 745 hectares accommodating 383 households in one farm. The newly emergent cooperative farming class was, in reality, no farmers. Because they were owners of nothing and had no individual control on management of affairs of such a huge farm.

They looked more like their fellow industrial working class comrades because the parallels were so evident. A worker is first of all a performer and a narrow specialist assigned to a specific workplace carrying out on a routine basis the same labour functions in an enterprise based on division of labour and specialization of labour functions. The collective farm was also a large enterprise based on technical division of labour and a cooperative farmer was inevitably transformed into a narrow specialist performing the same labour functions day after day. So, eventually there was no way to distinguish him/her from a worker.

Table 1. Cooperative farms in USSR, 1940–1960

	1940	1950	1955	1960
Number of cooperatives	236 900	123 700	87 500	44 500
Average number of farm households per cooperative	81	165	229	383
Average arable land per cooperative, hectares	492	967	1 699	2 745
Average farm size in USA, hectares[15]	70.4	87.4	98.0	122.6 (1959)

Table 2. State farms in USSR, 1940-1974

	1940	1950	1960	1965	1974
Number of state farms	4159	4988	7375	11 681	17 717
Total sown area (000 ha)	11 559	12 894	67 208	89 062	10 5844
Av. Farm size, ha	2 779	2 585	9112	7624	5 974

The year 1940 marked the first and almost completed stage of rural collectivization. The year 1960 marked relative stabilization of institution building in cooperative farm-centered transformation of the USSR's agricultural sector. The number of cooperative farms declined from 236 900 in 1940 to 44 500 in 1960 with implementation of the policy of amalgamation and enlargement of farms. Average arable land per cooperative increased from 492 ha in 1940 to an astonishing 2 745 ha in 1960.

[15]Farms and Land in Farms http://usda.mannlib.cornell.edu/usda/AgCensusImages/1940/03/02/1940-03-02.pdf

We didn't know what prompted Soviet planners to pursue enlargement of cooperative farm sizes. If the motive was to enhance the economy of scale by facilitating farm mechanization and saving labour costs while increasing production, then this policy backfired. Because in cooperative farm production, there is a threshold of farm size beyond which productivity starts falling instead of rising. This is what happened in Soviet cooperative farm production where productivity perennially lagged behind that of the USA, world's most productive agriculture. Paradoxically, Imperial Russia's agricultural productivity was mostly at par with that of the US. In 1913, Russia's peasant farmers harvested more grain than the US farmers did.

In 1940 the average US farm size was 70.4 ha, 14.3 percent of the Soviet collective farm. Within a span of 20 years in 1960, average Soviet farm size rose by 5.6 times (2 745 ha), while the average US farm size increased only 1.74 times (122.6 ha). In 1960, the average US farm size constituted just 4.5% of the size of the average Soviet cooperative farm; almost three times lower than what it was in 1940. In other words, while the Soviet cooperative farm size grew leaps and bounds to fit political agenda, the average US farm size grew slowly and incrementally in response to the contemporary economy of scale in the agriculture sector with vastly different results in economic performance. It is illustrated in Table 2.

Table 2. Gross value of agricultural production (constant 2004-2006 I$), arable land (million ha) and value of agricultural production per ha in USSR and USA, 1961-1985

Year	Gross value of agricultural production, billion I$			Arable land, million ha			Value of agricultural production/ha, I$		
	US	USSR	US/USSR	US	USSR	USA/USSR	US	USSR	USSR/US, %
1961	110.14	85.97	1.28	180.63	235.4	0.77	609.80	365.20	59.9
1970	126.92	118.89	1.07	188.73	227.8	0.83	672.50	521.90	77.6
1980	156.65	128.09	1.22	188.75	226.42	0.83	829.90	565.70	68.2
1985	176.26	137.22	1.28	187.76	227.16	0.83	938.80	604.10	64.3
Av.	142.49	117.54	1.21	186.47	229.20	0.81	760.00	510.00	67.5

Source: FAOSTAT

The gross value of agricultural production in the United States as a share of that of the USSR was 1.28 in 1961 and remained fairly unchanged at this level until the mid-1980s with an average of 1.21 over the period 1961-1985. In contrast, arable land in the USA as a share of that in the USSR was on average 0.81 during this period, meaning with less land the US agriculture consistently produced more than did the Soviet farms.

If we use the gross value of agricultural production per unit of arable land as a proxy for agricultural productivity, then the USSR lagged far behind the US on this count. As evident from Table 2, the gross value of agricultural output per ha produced by Soviet farms was 67.5 percent of the US farms over the period 1961-1985. Another way of contrasting agricultural productivity between USA's private ownership-based commercial agriculture and USSR's collective ownership-based socialist agriculture is looking at relative yield performance of major crops (Table 3).

Table 3. Yield of selected crops (tonnes/ha) in US and USSR, 1961-1985

Year		Wheat	Maize	Paddy	Barley	Potato	Soybean
1961	US	1.61	3.92	3.82	1.65	22.20	1.69
	USSR	0.99 (61%)	2.39 (61%)	1.94 (51%)	0.91 (55%)	9.50 (43%)	0.49 (29%)
1970	US	2.09	4.54	5.18	2.3	25.56	1.79
	USSR	1.44 (69%)	2.81 (62%)	3.40 (66%)	1.65 (72%)	12.00 (47.0)	0.69 (39%)
1980	US	2.25	5.71	4.95	2.68	29.52	1.78
	USSR	1.51 (67%)	3.18 (56%)	3.89 (79%)	1.27 (47%)	9.68 (33%)	0.61 (34%)
1985	US	2.52	7.41	6.07	2.74	33.37	2.29
	USSR	1.46 (58%)	3.21 (43%)	3.53 (59%)	1.48 (54%)	11.3 (34%)	0.63 (28%)

Data source: FAOSTAT; Figures in parentheses indicate USSR crop yield levels as those of USA's

As evident from Table 3, during the period 1961-1985, yields of all major crops in the USSR consistently lagged behind those of the United States. Whereas Soviet wheat yields constituted 58 to 61 percent of those of the US, the gap was more glaring in maize and potato falling below 50 percent toward the mid-1950s. Averaged over all these six crops, Soviet average yields during this period constituted 53 percent of US average yields. Taking this figure into account along with the gross value of agricultural production per unit of arable land, it can be fairly concluded that Soviet agriculture's productivity hovered around 50 percent of that of the United States. There were many reasons for USSR's perennial lagging behind the US in agricultural productivity which can't be dealt with adequately within the scope of this book.

But before going into details, there was reason to believe that Soviet leaders initially were not particularly concerned with lower levels of agricultural productivity, so long as the country's aggregate agricultural output was enough to meet domestic demand for food with occasional surpluses for export. Neither was it possible for cooperative farms to run business like their US counterparts entirely on the basis of profitability and cost accounting. In the Communist Party's nation building scheme, collective farms were assigned the role of catalyzing all-encompassing development in rural areas. They had to run elementary schools, kindergartens, health-care centres, clubs and recreational facilities, retail trade, maintenance of infrastructure. A large collective farm was in fact a mini township with its network of paved roads, shops, rural transportation etc. The absence of material incentives for farmers to work harder was a significant factor but that couldn't be acknowledged. The supply chain was integrated vertically but inefficiently managed with poor infrastructure for storage, transportation and distribution to retail outlets. As a result, estimated losses after harvest ranged from 20 to 30 percent for grains and up to 40 to 50 percent for more perishable crops like potatoes and vegetables. Up to 1 million tonne of meat was lost each year due to inadequate slaughter, processing and cold storage facilities[16].

[16]Brakema, Alan. 1991. How will reform of the Soviet economy affect U.S. Agriculture, https://www.kansascityfed.org/PUBLICATE/ECONREV/econrevarchive/1991/3-4q91bark.pdf

There were also critical gaps in agricultural mechanization, particularly specialized combines and harvesters, drying and processing and storage equipment and facilities. Manual labour had to be used in performing many post-harvest operations. Because of shortage of labour during harvesting time, cooperative farms often had no option but to leave unharvested crop rotting in the field. In short, post-harvest losses and poor supply chain management weighed heavily on agricultural productivity. It may sound strange but even in 1985, 20 percent of the USSR's workforce was employed in agriculture. This figure for the US was 3%[17]

Khrushchev's another hallmark initiative to increase production of foodgrain was the controversial programme of agricultural extensification taken in 1954. Vast stretches of virgin and fallow land (*Tselina*), about 43 million hectares in Siberia and Kazakhstan was brought under cultivation through voluntary labour for which the Communist Party's youth wing, Komsomol, mobilized more than 500 thousand volunteers. On these lands more than 400 new state farms were organized which in the beginning produced high yields and in the mid 1950s contributed about one-third of the total national harvest of grain. But reliance on mass mobilization, sloganeering and patriotic propaganda had limits and they couldn't substitute for technical knowledge and improved farm practices. Natural fertility of virgin lands in an ecologically fragile region was soon exhausted. Failure to extend appropriate cultivation technologies in the newly exploited landscape (zero tillage/conservation agriculture/cover cropping/drip irrigation, etc.) highly vulnerable to dust storms led to soil erosion and soil fertility started declining rapidly. During 1962-1963, farming in virgin lands entered a crisis mode and its effectiveness declined by 65%. [18] The Virgin lands programme has been discussed in detail in the book " Virgin Land Development in the USSR: Showcasing the power of collective labor through youth mobilization."[19]

Khrushchev's next reform was scrapping the Machine-tractor stations (MTS). These were independent state enterprises tasked with supporting collective farms in mechanization of farm operations. Collective farms were forced to purchase the entire inventory of MTS and maintain machinery. It placed additional financial burdens on their fragile finances but allowed them to exercise autonomy in planning and executing farming operations and gain some independence from state and party control. But economy-wide, this reform produced a negative impact. Whereas, MTS with its stock of farm equipment and implements could serve several collective farms, after the reform each farm needed to have their own stock of machinery both for current use and in repair. It sharply increased the demand for tractors, combines and other implements, not all of which were used by collective farms at any given time. It led to inefficient use of material resources.

Khrushchev's other reforms disrupting Soviet agriculture trace their origin to the experience he gained from field visits to American farms in Iowa as part of his official trip to the United States in September 1959. Impressed by cultivation of hybrid maize and its very high yield, he decided to replicate this

[17]Percent of Employment in Agriculture in the United States (https://fred.stlouisfed.org/series/USAPEMANA
[18] Exploitation of virgin lands, https://ru.wikipedia.org/wiki

[19] https://archive.org/details/virgin-land-development

experience in the USSR but the outcome was very different. In the first year, indeed record yields were harvested from experimental fields of maize. This success prompted extending maize cultivation to incredibly large areas without adequate use of chemical fertilizers and irrigation water. Maize being a crop with large aboveground biomass and deep root system progressively depleted soil fertility and yields started declining. Thus the experiment with maize cultivation culminated in failure[20]

Despite arbitrary policy and administrative interference by the party and state leadership in the agriculture sector, annual production of food grain rose during 1954-1958 averaging 113.2 million tonnes compared to 80.9 million tonnes during 1949-1953. Production continued to rise through the early 1960s. But, as mentioned above, declining productivity of wheat cultivation on virgin lands, amalgamation of collective farms, diminishing household backyard farms, transfer of MTS to collective farms, arbitrary interference dictating which crop to plant in which fields were having negative impact causing decrease in grain production. In the mid-1960s, the Soviet government resorted to grain procurement from world markets to meet the deficit in domestic supply of grain.

Missed agricultural sector reforms

The agriculture sector reforms pursued by Nikita Khrushchev were misdirected and counter-productive. But he was right in understanding the glaring need for structural reform of collective farming. His trip to the USA was particularly revealing. A sense of humiliation and defeatism might have gripped him at seeing how far the cold war rival left behind his country in increasing productivity of both crop agriculture and livestock sectors. The gulf was particularly evident in the use of science-based approaches and modern technologies that allowed US farmers to achieve a very high level of intensification in agricultural production.

It might have prompted Khrushchev upon returning home to resort to kneejerk policy measures to achieve dramatic changes overnight. But that didn't work because the two agriculture systems were anchored in two different worlds. And the burden of ideology heavily weighed on Khrushchev. It limited his manoeuvring capacity to decide the scope and depth of the reforms.

Could Khrushchev try bringing back Lenin's New Economic Policy? The answer is "yes" and the objective conditions were ripe for initiating far-reaching economic reforms. The Communist Party's strategic goal of subordinating the agriculture sector for funding industrialization and urban development was achieved toward the mid-1950s. It was time to loosen grip from the agriculture sector, unleash its productive potential and let it grow as a sector of the economy in its own right. Khrushchev could get the Communist Party leadership on board with his economic agenda by going back to Lenin and invoking his New Economic Policy. But he didn't, dithered and, worse still, veered from administrative-command methods to market-based approaches, spawning more confusion than clarity of objective.

[20]: http://ussrvopros.ru/ekosnomika-sssr/khrushchjovskaya-ottepel/128-poezdka-khrushcheva-v-ameriku

But again why didn't Khrushchev do it? Most plausible explanation perhaps, the determination to maintain the comparative edge of the socialist block in ideological struggle against capitalism and the western block took precedence over expediting economic growth through expanding the scope of market-based approaches. The weaknesses of the Soviet economy were felt at top party and state levels; they were not so obvious to the general public as well as the adversaries. People enjoyed a decent standard of living, closely approaching that of western European countries. They took pride in seeing their country transformed into a world power, in its science and technological prowess, particularly in space research. People, in general, bought into the government's narrative of superiority of socialism and didn't mind enduring inconveniences arising from shortages of consumer goods, which they treated as temporary.

As an idea capitalism was on the back foot and socialism was on the rise worldwide. The world socialist system under USSR's leadership was expanding beyond Europe, entering into its fold countries in Asia and Latin America such as China, DPR Korea, Vietnam and Cuba. As leader of the Socialist block and warrior-in-chief in ideological battle with capitalism, the Soviet Union was also the guardian of Marxist ideology, setting standard for its application in transformation of societies of fellow members of the socialist club. Communist parties worldwide, particularly in developing countries, were also oriented to the Communist Party of the Soviet Union (CPSU) for ideological guidance. The Soviet Union's capital, Moscow, was the same to the world working class as is Rome to the followers of the Roman Catholic Church. Having missed the most opportune time for launching effective reforms, USSR's economy was set on a slow-motion downhill path leading to stagnation and decline and eventually ended in demise of the country.

If, however, Khrushchev rose above the challenge and pressed ahead with his initial reforms, most notably, removing the constraints from farmers' private household farming and increasing the size of their holdings, entrepreneurial spirits of Russia's peasant farming could have been brought back. It was not too late, only two decades had passed since collectivization and the memory of family farming was still alive in the rural population. Rural incomes were lower than in urban areas and farmers would have seized opportunity for increasing income through hard work and more productive utilization of farm land. With consistent policy and input support, the working class-like collective farmers could still be retransformed into real farmers. The next course of reforms could follow China's household responsibility system by breaking collective farms into smaller units and providing land plots to farm households under long-term lease which could still be portrayed as state-owned public property.

Like collective farms, production targets could be set for smaller farmhousehold-operated production units. They could be given the option for retaining the excess of the harvest after meeting the state quota. This quasi-private farming could be termed in socialist nomenclature as "Material incentivization of collective farming". Smaller-size production units could operate on the economy of scale making efficient use of production inputs, modern technology and above all with their own judgement of what best to grow in which plots.Setting farm economy on path to steady increase in productivity and profitability and putting farmers in charge of food production would have freed the state and party

leadership from the concerns of feeding the people. It would have given them more time to focus on strategic thinking.

The opportunity for making income would have ignited farmers' real interest in the end results of their labour, for which central planners craved for years but without success. If over the years, commercial producers could have met state quota ensuring adequate domestic supply of food; the next big step could have been eliminating all barriers and setting the stage for transformation into highly productive commercial farming. The other significant slice of Soviet agriculture, the state farms could have been retained under state control to ensure the ideals of socialism and the revolutionary spirit were alive in rural areas to keep in check the influence of individual farming on the mainstream socialist economy.

As the agriculture sector was kept beholden to the industrial sector for decades for channeling resources for its development, the 1960s were the time for doing the reverse – reorienting the industrial machine building sector to support farm mechanization and agro-processing. Although the supply of tractors and combines for mechanizing land tilling and harvesting of grain crops was adequate, there was shortage of specialized equipment for mechanization of labour-intensive cultivation of technical crops, fruit, vegetables, dairy, and meat production. There were scant attempts to tap into the vast potential of agro-based and food processing industries. In short, Soviet leadership squandered ideal opportunities for introducing reforms that could advance unimpeded over time addressing structural constraints of collective agriculture and creating objective conditions for irreversibility of the reforms.

Surprisingly, ideological conundrums faced by Khrushchev and subsequent Soviet leaders had no real basis from the view point of classic Marxist theory of socialist revolution. In Marx's design, it was the proletariat, the industrial working class, who was supposed to lead and win the socialist revolution. He never considered rural peasants as proletariat and, therefore, no natural comrades of the industrial working class. As we have mentioned in the beginning, it is Vladimir Lenin who revised Marx's original thesis by accommodating a role for peasant farmers in socialist revolution out of practical consideration to suit Russia's special circumstances and for limited use. Imposing the same degree of socialist order in cities and in the countryside was, therefore, not an ideological necessity.
When socialized modes of production occupied commanding heights of the economy, a quasi-privatized/privatized farming with possibility for emergence of small rural bourgeois could have hardly posed a real threat to mainstream socialist economy and the durability of socialist construction in USSR. Rather a productive farming sector and agro-based industrialization could have provided additional strength to propel the growth of the economy. The Party could have pointed to this so as not to be seen as compromising on core Marxist ideals.

Khrushchev's structural reform of the economy

In 1957 Khrushchev initiated structural reform of the national economy. It was aimed to loosen the grip of central planning and allow more control of regional authorities in running the economy making best use of local resources and comparative advantages of the regions. Accordingly, central ministries except four were abolished. All enterprises and production capacities owned by them were placed under new

forms of decentralized management of the economy – Council of National Economy (CNE). The CNEs were responsible for specific economic regions. Initially 105 CNEs were created and later their number was reduced to 47. For coordinating the CNEs at national level, the All Union Council of National Economy was established. Under the Union and Republican Council of Ministers (government), scientific-technical committees were established for transferring advanced technologies and innovation in all sectors of the economy. The CNEs didn't live up to expectations, and decentralization of management led to growth of supervising authorities complicating the entire system of economic management[21]. Another remarkable aspect of Khrushchev's reforms was reordering of government spending in favour of boosting people's welfare. Massive construction projects began for building cheap and affordable housing for people.

Despite inconsistencies and contradictions in implementation of reforms, the Soviet economy under Khrushchev grew handsomely throughout the 1950s and the mid-1960s. This was in part due to the powerful industrial base restored and rebuilt under Stalin's watch, residual legacy of Stalinist methods of economic management; large investments made in education particularly in skills training and technical education, science and technology, dramatic increase of investment in social programmes.

The USSR outpaced all countries in the share of national income allocated to education and science. Achievements in social development had no analogues in the contemporary world. The country had the lowest retirement age – 55 years for women and 60 for men; free education at all levels and free universal health care, apartment dwellings at nominal rents; free provision of housing amid sharp increase in housing construction, surprisingly low transportation cost and stable lower prices of food. The Soviet people forgot what it means to be unemployed, homeless, or illiterate and confidently looked into the future. Typical concerns of an average household in capitalist countries to live through a day never featured in the mindset of an average Soviet citizen. Not without reason, the USSR became an attractive example for working people all over the world at this time.

But Khrushchev's hold onto power was not as absolute as Stalin's. The disappointing results of his ambitious reform projects cast his leadership quality not in a favourable light to broad masses. Particularly the way he dismantled Stalin's legacy and attempted to denigrate him turned a large number of people in different parts of the country hostile to him from the outset of his tenure. On 14 October 1964, a plenary session of the Central Committee (CC) of the CPSU was held. This gathering of the top policy making body of the CPSU was arranged to validate a decision already taken behind the scene. It was ousting (call it a palace coup) of Nikita Khrushchev from the posts of the First Secretary of the CPSU and Chairman of the USSR Council of Ministers.

The Pravda newspaper in its 16 October 1964 issue broke the news as follows:

[21] Economic development of USSR after the Second World War
http://lib.sale/ekonomicheskaya-istoriya-uchebnik/ekonomicheskoe-razvitie-sssr-posle-mirovoy.html

Коммунистическая партия Советского Союза

ПРАВДА

Орган Центрального Комитета Коммунистической партии Советского Союза

Газета основана 5 мая 1912 года В. И. ЛЕНИНЫМ | № 290 (16876) | Пятница, 16 октября 1964 года | Цена 3 коп.

Коммунистическая партия Советского Союза твердо и последовательно проводит в жизнь ленинскую генеральную линию, выработанную XX и XXII съездами КПСС. Тесно сплоченный вокруг своей родной партии, советский народ героически борется за осуществление великих задач коммунистического строительства.

Под знаменем марксизма-ленинизма, под руководством Коммунистической партии—к новым победам коммунизма!

СООБЩЕНИЕ
о Пленуме Центрального Комитета КПСС

14 октября с. г. состоялся Пленум Центрального Комитета КПСС.

Пленум ЦК КПСС удовлетворил просьбу т. Хрущева Н. С. об освобождении его от обязанностей Первого секретаря ЦК КПСС, члена Президиума ЦК КПСС и Председателя Совета Министров СССР в связи с преклонным возрастом и ухудшением состояния здоровья.

Пленум ЦК КПСС избрал Первым секретарем ЦК КПСС т. Брежнева Л. И.

В Президиуме Верховного Совета СССР

15 октября с. г. под председательством Председателя Президиума Верховного Совета СССР тов. А. И. Микояна состоялось заседание Президиума Верховного Совета СССР.

Президиум Верховного Совета СССР рассмотрел вопрос о Председателе Совета Министров СССР.

Президиум Верховного Совета СССР удовлетворил просьбу тов. Хрущева Никиты Сергеевича об освобождении его от обязанностей Председателя Совета Министров СССР в связи с преклонным возрастом и ухудшением состояния здоровья.

Председателем Совета Министров СССР Президиум Верховного Совета СССР назначил тов. Косыгина Алексея Николаевича, освободив его от обязанностей первого заместителя Председателя Совета Министров СССР.

Указы Президиума Верховного Совета СССР об освобождении тов. Хрущева Н. С. от обязанностей Председателя Совета Министров СССР и о назначении тов. Косыгина А. Н. Председателем Совета Министров СССР приняты членами Президиума Верховного Совета СССР единогласно.

Члены Президиума Верховного Совета СССР тепло поздравили тов. Косыгина А. Н. с назначением на пост Председателя Совета Министров СССР.

Тов. Косыгин А. Н. сердечно поблагодарил Центральный Комитет Коммунистической партии Советского Союза и Президиум Верховного Совета СССР за оказанное ему доверие и заверил, что приложит все силы для того, чтобы выполнить возложенные на него обязанности.

Пленум ЦК КПСС удовлетворил просьбу т. ХРУЩЕВА Н.С. об освобождении его от обязанностей Первого секретаря ЦК КПСС, члена Президиума ЦК КПСС и Председателя Совета Министров СССР в связи с преклонным возрастом и ухудшением состояния здоровья. Пленум ЦК КПСС избрал Первым секретарем ЦК КПСС т. БРЕЖНЕВА Л.И.

The Plenum of the Central Committee of the CPSU complied with the request of Comrade N.S. Khrushchev to relieve him of his responsibility as First Secretary of the Central Committee of the CPSU, member of the Presidium of the Central Committee of the CPSU, and Chairman of the Council of Ministers of the USSR, due to old age and poor health. The Plenum of the Central Committee of the CPSU elected Comrade L.I. Brezhnev as First Secretary of the Central Committee of the CPSU. The Plenum also elected Alexei Kosygin as the Chairman of the USSR Council of Ministers.

Soviet economy under the new leadership

Khrushchev's 12-year rule should best be seen as a launching pad to break away from Stalin's model of centrally planned economy, which was consistent with the true spirit of the Soviet constitution. As we have discussed in the chapter on "Structure of Soviet Socialist Economy", the national economy was organized as a single unit and its performance was assessed as a sum total of performances of individual sectors of the economy. The industries and enterprises belonging to specific sectors under administrative control of sectoral ministries were not independent entities. They were treated as constituents of a particular sector, mutually interdependent and integrated in a supply chain producing goods, which were used as raw materials or spare parts by the next higher level of customer in the supply chain and ultimately transformed into finished products. Because the production system was oriented toward collective goods for equitable sharing of material gains, it was not considered that all production units in

the supply chain must earn profits. Even zero profitability for some production units was not a concern, the focus rather was on lowering the cost of production at each link of the supply chain so that profit can be extracted at the point of end result – from the final product and still its price can be kept lower so as to improve material well-being of all citizens. In this production system, targets were set for each constituent enterprise for production of designated goods against the allocated quantities of material and labour resources.

When these targets were added up by constituent industrial enterprises, they were supposed to meet or exceed the aggregate target set for the particular industrial sector by the State Planning Committee based on its analysis of macroeconomy and forecast of national demand. National production target disaggregated by sector used to descend top down to industries for fulfillment. During Stalin's time, fulfillment of set production targets was sacrosanct with no excuse for non-compliance. Harsh measures of accountability were in place for industry directors for not being able to fulfill targets. This was how a centrally planned economy delivered its miracles during the period of industrialization and post-war reconstruction.

However, with expansion of the size of the economy and diversification of its industry since the 1960s, Stalinist-model central planning and administrative control started showing limitations particularly with regard to rational use of material resources, improving efficiency of supply chain management, boosting labour productivity and maintaining high growth rate of the economy. There was yearning among Industry managers to break free from strict central control and exercise autonomy in running their enterprises based on economic efficiency. Particularly acute was the question how to make a worker do his/her job more productively with the same amount of material resources when the threat of punishment for showing lethargy in work performance receded.

But the crux of the question was how to do that when the Soviet socialist economy was supposed to work for the wellbeing of entire people and not for the enrichment of individuals. In other words, material wellbeing at individual levels was supposed to improve hand in hand with improvement at the collective level. When in the 1960s, the USSR having travelled a glorious path of socialist nation building was poised to move into the next stage of economic growth to power its transition to advanced socialism, there was indeed a need for reforms to modernize management of the economy. And those reforms must have been sought to improve the functioning of the centrally planned economy through eliminating structural bottlenecks. When internal debates were raging in top party leadership on how to proceed, there was a small group of economists who opted to deploy the country's scientific and technological prowess to devise sophisticated systems for automatization to curtail bureaucratic overload of the planning process, improve resource allocation, rationalize use of material resources in production and overcome constraints in supply chain management. In short, the solution for improving efficiency of the economy should have come from boosting efficiency of central planning through the use of modern technology-based tools and approaches.

There was no shortage of talents and resources in the USSR to do that but what was missing was the courage and political will of the Soviet leadership in the post-Stalin era to rise up to this challenge. And

by this yardstick, Joseph Stalin brilliantly stands out among those who led the Soviet Union throughout its existence. He was both a dreamer and a true practitioner of Marxist socialist ideology. In the late 1920s, he realized where the transition-phase New Economic Policy would lead if allowed to continue for an indefinite period. He rolled back NEP before it could spread roots deep into the economy and firmly set course on the path to building socialist planned economy.

Stalin truly believed in the superiority of the Soviet economic model which he proved by eliminating post-revolutionary Russia's 100-year development gap from Europe's developed countries in a matter of decades powered by the strength of the economy he built. The Soviet Union's dazzling success in industrialization and its booming economy in the 1930s when developed capitalist economies of US and Europe were mired in deep recession led ideologues of capitalism to shed their prejudices and give serious consideration to the socialist economic model. It was a rare moment in history when the ideologues of market economy were on the defensive. But this flame of confidence and unflinching belief in the correctness of the development path was extinguished with Stalin's exit from the Soviet political stage.

Stalin's death marked the end of the first generation of Soviet leaders. This was the generation which grew with the experience of enduring imprisonment and exile under the Tsarist regime; accomplished revolution and snatched victories in the Civil War and the Great Patriotic War. Nikita Krushchev became the first of the second generation leaders who grew up in the Stalin era, during the years of industrialization and the Great Patriotic War. This generation was basically a generation of practitioners and real politicking for whom building socialism ceased to be an ideological battle and turned to be a boring routine job.

In a sense, the Soviet Union which was great; the country that put the western world on notice both militarily and ideologically; the country that was both feared and respected by its adversaries existed for a brief period till Joseph Stalin was in charge. A sense of defeatism and moral decay gripped the next generation of Soviet leaders. They ceased to believe in the superiority of the socialist planned economic model, lost confidence in its ability to deliver continued economic growth at the advanced stage of building socialism. So, in choosing the path of economic reform, the overwhelming preference of the Soviet leadership was for market-based approaches repackaged as material incentivization (материальная заинтересованность).

This was what defined the reform programme introduced in 1965 by Alexei Kosygin, the new head of the Soviet government. The programme was officially formulated as a transformation of the economic system and management of the national economy of the USSR. As part of the reform programme, Khrushchev's policy of economic decentralization was rolled back, the CNEs were abolished, all sectoral ministries were restored which again assumed ownership of industrial enterprises. Organizationally, the concept of national economy as a single unit with industrial enterprises vertically integrated in a top-down chain of command was loosened. The focus was shifted on improving efficiency of the economy of enterprises with introduction of material incentives and delegating to the management

limited autonomy in making decisions on planning and managing production in their respective enterprises.

From the to-do list for enterprises, the number of economic indicators set by central planners was reduced to curtail bureaucratization of the production process and allow more flexibility for planning at enterprise level; a new approach to price formulation was introduced. The emphasis shifted on volume of sale of finished products, earning revenues and making profits. Industry directors were made accountable for utilization of funds for payment of wages as well as funds for capital investment. Overfulfillment of production targets was encouraged which was supposed to induce enterprise managers to maximize use of available resources.

Enterprise directors were allowed to retain a part of the revenues earned to form the fund for material incentivization. It was thought that from the material incentive fund jointly managed by representatives of the labour collective, it would be possible to reward high-performing employees. In fact, additional payments were so small compared with the basic salary that they couldn't motivate workers to work more productively. Gradually, material incentive payments became simply a bonus to salary not related to work performance of the employees.

In short, Kosygin's reform programme was an attempt to graft principles of market-economy onto the pillars of central planning. It was an attempt to tailor drivers of the capitalist economy to fuel economic growth within the confines of a socialized production system. This inherent underlying contradiction of the elements of the reform programme sapped its ability to deliver and consigned it to failure. Hybridization of central planning and market elements was proving more disruptive than creative because neither could perform at their optimum level because of the barriers erected and contradictions introduced. Kosygin's reform programme was abrogated in 1970.

For a market economy to flourish there must be entrepreneurs who own means of production; who what and how much to produce; who have the freedom to find suppliers of raw materials, hire and fire workers, set wages for labour, set the prices for their products and find the customer. Production relations in a market economy are based on the spirit of private entrepreneurship where nothing matters more than the producer and customer with limited role for the government in regulatory control and occasional interference to shape market behaviour. These elements were simply non-existent in the Soviet economy where production relations in theory were socialist but state-directed in essence. Trying to portray Soviet industry directors as entrepreneurs by providing them with some authority in management of business affairs was pointless. Neither they nor the labour collectives owned these enterprises.

That nobody owned anything was not an aberration. The goal of the October Revolution was not to create entrepreneurs focused on personal enrichment but on creation of conditions where individuals will be focused on common public good working with socialized means of production and producing according to individual competence and ability with entitlement following according to labour invested. Soviet industry managers had no control on prices and supply chain management. In reality, a Soviet

industrial enterprise was a collection of various means of production and facilities assembled to produce a certain category of goods, where the job of the director was to provide administrative oversight on behalf of the sectoral ministry and the job of the workers was to invest their labour working with the tools and means of production. Then who owned the enterprises and their properties? The textbook answer was society through the state.

But in reality, a Soviet enterprise was nobody's property. It seemed no more than a workplace oriented to fulfilling collective good equally benefitting all in the society. Socialized ownership was opaque. It was lost in the maze of bureaucratic control of various state authorities. Indeed, a major shortcoming of the organization of socialist economy was to find an owner of socialized property with the same drive to work as an owner of private property. Aware of this constraint, the Communist Party invented such slogans as "Бережливое отношение к социалистическому имуществу (A thrifty attitude towards socialist property), "Хозяйское отношение к труду (Master's attitude to work)" to imbue in public consciousness that socialized property is your property too.

The patriotic propaganda worked amazingly at the initial stage, at lower level of socio-economic development when the majority of workers indeed tied improvements in their income and standard of living with the need to work hard and selflessly in socialized workplace. Subsequently as incomes rose with a decent work opportunity for all, standard of living improved and the state provided a generous universal social safety net, the drive to work harder evaporated, people became indifferent and they ceased to see the same level of personal stake in public property as did the generation of their fathers and grandfathers. Everyone's focus was now directed to maintaining the status quo with a belief that the Soviet state somehow would continue to deliver the goodies no matter how they work. In such an environment, socialized public property was relegated to the status of an orphan; its fate started looking like a child growing in an orphanage.

As we have stated in the foregoing, having dithered throughout the 1960s, stark reality was facing the leadership of the CPSU. The country was sitting on the cusp of a change and time was running out for the leadership to come forward with a reform package to forestall the economy's descent into sluggish growth. The beginning of the 1970s was the moment for initiating radical reforms without drastically upsetting the status quo and triggering social upheavals. If the Soviet leadership genuinely wanted Kosygin's reform programme to succeed, there was no alternative but to deepen the scope of the reforms and remove structural barriers that constrained growth of the market economy. It would have been a growth path that would take the country to state capitalism instead of socialism.

The CPSU leadership would have to be prepared to do the undoable – abandon Marxism-Leninism or defer its relevance to a distant future. For the interim period, it could embrace social democracy tinged with Marxist flavour to the extent possible and pay lip service to adherence to the ideals of Marx and Lenin at each party congress. Given the tradition it was quite possible. The reports that General Secretaries of the CPSU used to read for hours at party congresses were so voluminous that few people had interest in sifting through the pages to grasp the meaning. Many were content with key messages and slogans assuring endurance of the revolutionary ideals.

In this approach, there was a danger. The legitimacy of CPSU's hold onto power would come under question. Particularly fearful were party elites and a huge army of bureaucrats sitting at the top of the economy to exercise socialist ownership of the means of production and run the economy. But there was a way to fend off this danger – pull the economy out of sluggish growth and stagnation and maintain high growth rates of the economy with continuous improvement in people's standard of living powered by market economy. The ability to deliver economic growth would have given the CPSU a new legitimacy. But the fear to drastically change the course and heading down into uncharted territory was so great that party elders abandoned this option. The other option obviously was to restore the Stalin-era Soviet economic model. The CPSU should have ended flirtations with market-based approaches and instead concentrated on eliminating roadblocks that lowered efficiency of the centrally planned economy with approaches and methods consistent with the drivers of the socialist economy.

As described in the foregoing, the Soviet Union's tremendous scientific and technological capacity could have been deployed to invent modern technologies for automation and digitization of the entire range of the planning process and production management, supply chain management, and other crucial links in the chain of command for running the economy. With these interventions, significant untapped growth potentials of the planned economy could be unlocked by implementing a range of measures.

Unnecessary bureaucratic control at different layers of the planning system could be drastically reduced. The feedback from the bottom level could be improved by orienting the planning process to consider opportunities and comparative advantages of the regions. Substantial post-production losses could be reduced through improved targeting of the weaknesses in supply chain management; rationalizing use of raw material and other resources in production of designated goods according to the planned targets. There was also an opportunity for improving the quality of consumer goods to match rising expectations of people. The improvement of the planning process with regard to production quantity vis-a-vis set targets could also help setting strict accountability for industry directors for compliance with fulfillment of original production targets. The so-called material incentives could be replaced by providing for automatic increase in labour wages with increase in gross output of products. This would have better reflected adherence to the Marxist ideology "…To each according to his labour".

However, this approach was also not palatable. Because it would have questioned the moral integrity of the leadership since all Soviet leaders in the post-Stalin era sought to build their career on steadfast refusal of "totalitarian" and "barbaric" methods of running the classic Soviet economic model and dismantling Stalin's legacy. So, putting a "human face" on their doings was an overriding priority for both the ideologues and practitioners of the top echelon of the CPSU's leadership. With failure of each hybrid reform programme, the CPSU leadership under Leonid Brezhnev became more desperate in search of approaches to put market mechanisms in driving the socialist planned economy. But it contributed to further deepening the woes of the economy and setting stage for moral disintegration of the society.
In the beginning of the 1970s, fresh efforts were undertaken to revive reforms. A new form of induction of material incentive in the workplace was rolled out on a pilot basis. This was brigade or team contract (Бригадный подряд) also known as "Zlobinsky method" by the name of the builder who demonstrated

the possibilities of this form of labour organization. In this method, the work team (brigade) agreed with the management and committed to performing a certain amount of work in a given time-frame, as a rule, ahead of the planned schedule, without additional budgetary expenses. The workers, team members, shared the wage bill fixed in advance among them according to how much each worked. In 1983, almost 2 million people worked under this scheme.

But it also failed to make much of a headway because most workers preferred a guaranteed equalized pay that gave them an acceptable level of income to sustain a decent middle-class (not in Marxist sense) standard of living[22]. This should have served as a warning to the Soviet leadership that there was little demand from the grassroots for the so-called material incentive-based economic reform programmes they were adamantly pushing from the top. Working people's response was quite natural because in the half decade since the victory of the October revolution, a new generation was grown up in a society where the concept of private ownership and material consumerism was condemned. Ideological propaganda was directed at encouraging people to work for collective good and not for personal enrichment. So the lure of material incentive which was the same as stimulating greed was not producing the desired effect.

The state of the agriculture sector after the failure of Khrushchev's innovations was dire. At the same time Kosygin's reforms were launched in industry, policy measures were also announced for the agriculture sector. These included a very significant hike in government procurement prices of agricultural products and reduction of the quota for mandatory deliveries of the output to the state. Both the collective and state farms were allowed to sell surplus production after fulfilling the state quota at prices higher than the fixed procurement prices. Collective farmers began receiving a monthly wage, which replaced earnings based on the number of actual hours worked. However, even the provision of greater autonomy to agricultural enterprises in managing their commercial operations couldn't eliminate constraints with adequate supply of food in the rapidly urbanizing country. Throughout the entire period of Brezhnev's rule, capital investments in the agriculture sector steadily increased, but with exception of a few, collective and state farms failed to achieve self-financing, the coveted state goal. The government had to provide enormous subsidies from the national budget to keep them afloat. Meanwhile, grain imports from abroad increased to meet the deficit in domestic supply of food.

It was obvious none of the introduced reforms was working. Yet the Soviet Government was in no mood to retreat from its chosen path – endless quest for material incentive-based approaches to stimulate and sustain economic growth. Accordingly, the Government moved ahead with new policy approaches in this direction. With great fanfare and in an impressive setting in the Kremlin's Palace of Congresses in presence of invited delegates of Communist parties from around the world, the CPSU held its 25th Congress from 25th February to 5 March, 1976. In this congress, the party's chief ideologue, Mikhail Suslov, announced transition of the Soviet society to the next level of nation building - dilution of national identities in the multinational state and their merger into a pan-Soviet composite nation, called

[22]USSR during 1939-1991 periodhttp://his.1september.ru/article.php?ID=200700411

Soviet people (Советский народ). It was also announced that the Soviet society entered the stage of mature socialism (Зрелый социализам). It also signalled that the "state of the dictatorship of proletariat (государство диктатуры пролетариата)" had evolved into a "state of all people (общенародное государство)."

Soviet society and the political system in the late 1970s

In 1977, the USSR's constitution was revised to reflect Suslov's theoretical construction and other changes that occurred in the post-Stalin period. In the preamble of the constitution, the building of a classless communist society was declared the highest goal of the state. The new constitution introduced major changes to highlight the contemporary status of the Soviet state, society and economy. Those aspects essentially dealt with the vision of the CPSU drawn by its chief ideologue Mikhail Suslov. It attempted to portray a picture which was more of a wishful thinking as the subsequent turn of events in the 1980s proved. The new constitution put forward the following definition of a mature socialist society (зрелое социалистическое общество)[23].

- It is a society which has created robust productive forces, advanced science and culture and in which people's standard of living is constantly rising and increasingly favourable conditions are emerging to support all-round development of individual personality.
- It is a society of mature socialist societal relations which paved the way for emergence of a new historical community of people drawing strength from the convergence of all classes and social strata, *de jure* and *de facto* equality of all nations and nationalities and their fraternal cooperation.
- It is a highly organized society driven by ideology and consciousness of the working people - patriots and internationalists.
- It is a society where life is driven by the concerns of all for taking care of everyone and everyone's concerns for taking care of all.
- It is a society of true democracy and its political system ensures effective governance of all public affairs; facilitates increasing participation of workers in state affairs; combines real rights and freedoms of citizens with their duties and responsibilities to society.

A developed socialist society is a logical stage *en route* to communism

The deviation from the old constitution in defining the character of the Soviet economy was quite contrasting. In 1936 constitution, Articles 4 and 11 laid down the following principles:

Article 4: The economic basis of the USSR is socialist system of economy and socialist ownership of the tools and means of production, established as a result of dismantling of the capitalist system of economy, private ownership of the tools and means of production and elimination of exploitation of humans by humans.

Article 11: Economic life of the USSR is determined and directed by the national economic plan in the interests of increasing social wealth, steady rise in material and cultural level of the working people, strengthening independence of the USSR and strengthening its defense capability.

[23]Constitution of USSR (1977)/Version 7 October 1977 https://ru.wikisource.org/wiki

The 1977 constitution redefined the structure and functioning of the Soviet economy as follows:

Article 16: The economy of the USSR is a single national economic complex. It encompasses all linkages of social production, distribution and exchange in the territory of the country. The economy is managed on the basis of state plans of social and economic development taking into account sectoral and territorial principles, combining centralized management with economic autonomy and initiatives of enterprises, associations and other organizations. This management widely uses *self-financing, profit, production cost estimation, and other economic drivers and incentives* (read tools of market economy).

As evident, despite the track record of failure of tailoring market-based approaches to running the socialist economy, these principles instead of being abrogated were enshrined in the new constitution. Hybridization of central planning and market economy and piecemeal muddled economic reform approach became irreversible in the USSR. The Soviet leadership missed the last realistic chance of taking a bold decision to put the Soviet economy on a sustainable growth path. Either central planning with all its rigour, coercion and rigid management approach; or a managed transition to state capitalism under CPSU's supervision as it had been done in China. From this moment onward, in our view, the CPSU was on track to losing its legitimacy.

Being the country's sole governing party, its reluctance to address the real constraints of the economy, its indifference to addressing the real needs of the people, its indulgence in trumpeting unsubstantiated claims to advancing the goal of socialism and communism started bordering on sheer irresponsibility.

As noted above, the 1977 constitution also brought substantial changes in the country's political system. Whereas the 1936 constitution defined the USSR as simply socialist state of workers and peasants, the new constitution lengthened the definition. In Article 1, it says "the Union of Soviet Socialist Republics is an all-people socialist state expressing the will and interests of workers, peasants and intelligentsia, workers of all nations and nationalities of the country". For the first time, intelligentsia was included as a distinct social group at par with workers and peasants. There was also an inherent contradiction. If the Soviet Union became an all-people state with a common national identity of "Soviet people", then why was it needed to make a separate reference to all nations and nationalities. This reflected a dilemma the CPSUleadership was confronting – it knew the concept of "Soviet nation" was imaginary and so it was balanced by making explicit reference to constituent nations and nationalities.

The 1936 constitution proclaimed "All power in the USSR belongs to workers of cities and villages represented by Soviets of Working People's Deputies". Article 2 of the 1977 constitution replaced this with "All power in the USSR belongs to people. The people exercise state power through the Soviets of People's Deputies, which constitute the political basis of the USSR. All other state bodies are under the control of and accountable to the Soviets of People's Deputies".

Thus constitutionally the USSR was no longer a revolutionary state. Stalin put an end to "dictatorship of the proletariat" and Brezhnev ended whatever was left of the residual nominal dominance of "Working people". From now on, everyone in the USSR, no matter what he/she did to make a living, became equal

in terms of suitability for being elected to the Soviets. As the power base of the working people for exercising democratic rights, “Soviets” were gradually stripped of their influence when Stalin reorganized the hierarchy of the “Soviets” in a top-down fashion and changed voting procedures in the 1936 constitution.

The CPSU’s influence and interference steadily creeping in elected state bodies led to emergence of dual power structures at all levels. It was felt but not recognized. It was formalized in the 1977 constitution with the introduction of the concept of “Democratic Centralism” in Article 3. It says “The organization and activities of the Soviet state are built in accordance with the principle of democratic centralism: electability of all units of state power from the bottom to top; their accountability to people; binding nature of the decisions of higher-level authorities for the lower level ones.

Democratic centralism combines leadership with local initiatives and creative activities, with the responsibility of each state body and official for the task entrusted”. But democratic centralism was a non-starter in political practice. It was designed to make the authoritarian mindset hidden in centralism palatable by hyphenating with democracy. In essence, it was a rigid top down approach in which decisions made at the top level of party leadership were handed down to local authorities for implementation. The elements of democracy reflected in “local initiatives and creative activities” were meant to play a second fiddle to centralized decision making. The authoritarian trend was further strengthened by making the presence of the CPSU pervasive in management of state affairs.

The 1936 constitution formalized a constitutional role for the CPSU. But that was discreet and stressed in a general political context. But the 1977 constitution in Article 6 positioned the CPSU at the heart of the Soviet Union‘s political system without recourse to verbosity. It says “the Communist Party of the Soviet Union is the leading and guiding force of Soviet society, the nucleus of its political system, state and social organizations. The CPSU exists for the people and serves the people. Armed with Marxist-Leninist doctrine, the Communist Party defines the general perspectives of the development of society, the domestic and foreign policy of the USSR, directs grandiose creative activity of the Soviet people, and provides a systematic and science-based approach to its struggle for the victory of communism. All party organizations operate under the framework of the Constitution of the USSR”. Thus no illusion was left to signal that the USSR had emerged into a party state concentrating all sources of power into the hands of the party and subordinating all elected institutions of Soviet power.

The right to nominate candidates for election to the Soviets belonged to the CPSU, trade unions, Komsomol, public organizations, labour collectives and meetings of military service personnel. But leadership and most senior-level leaders of all these organizations were also members of the CPSU and were subject to party discipline. This mechanism provided the CPSU with the opportunity for total control in nomination of candidates. In reality, Soviets of all levels since the adoption of the 1936 constitution didn’t have any real power and purely conducted routine functions for implementing directives.

The real centres of decision-making in state bodies were not Soviets, but party committees of different levels from the Central Committee (CC) to local committees of the CPSU. Only they took all political decisions of any scale in the USSR which were subsequently approved by the Soviets. As a result people didn't have much interest in elections; voter turnout used to be low but nonetheless nominated candidates used to win elections with 99.9 percent support of voters. During our stay in the USSR, elections to supreme and regional soviets were held several times. But we never saw people waiting in the queue for voting. Out of curiosity, when we reminded our friends that today is the voting day and if they've voted, they used to smile gently and say "don't worry, at the request of the Secretary of the party unit of our institute, we all have signed on a paper confirming our support to the nominated candidate and our votes have already been cast". This was how elections to state bodies were turned into a farce. People were effectively removed from having a say in running state affairs as they deem fit. In the late 1970s, the USSR looked more authoritarian than at any time in its history.

Ironically, the "dictatorship of the proletariat",which was formally abandoned as a state policy in 1936 came back in a different context in the form of the "absolute dictatorship of the CPSU"in late 1970s. But there were important differences between these two forms of dictatorships. The former "dictatorship of the proletariat," was a form of positive discrimination in favour of industrial workers and poor peasants aimed at their empowerment and lifting them from poverty at record speed. Under this dictatorship working-class people had considerable opportunity to choose their representatives to elected institutions of Soviet power through exercising their democratic voting rights. The "dictatorship of the proletariat" was a stepping stone into a bright future which was indeed heralded in the 1960s and 70s.

The Soviet working class during this period had few commonalities with their fellow proletariat comrades in less developed parts of the world. It was an affluent middle class (not in Marxist sense) with access to all comforts and amenities of modern urban life. An extensive social safety net from cradle to grave was in place. Education was free from kindergarten to university levels with a rich variety of options available for professional and skills development for everyone at any stage. The USSR out of the necessity to produce army of skilled workers to drive rapid industrialization built a highly efficient system of technical education and training centered on a vast network of vocation schools (профессинально-техническо еучилище) and technical schools (техникум) which was a distinct excellence of the Soviet Union's education system. The technical schools offered a three-year course in various engineering and technical subjects after completing the secondary school.
Soviet Union's universities and institutions of higher learning were incubators of excellence producing the country's best minds in science and technology, who built the nuclear shield, opened the frontier in space research and developed cutting-edge technologies for powering its industrial development. In 1957, a whole new science city called Academic town (Академгородок) was built in Siberia where more than 25 research institutes and facilities were established for conducting advanced research and training the best of the best young scientists. Health care was free for all citizens. The right to work was enshrined as a fundamental right in the constitution. Everyone had a decent job.

Our Soviet classmates in the final year of the academic programme were notified about their job placements in their chosen fields of study. There was no need to write resumes, find interlocutors to

support in job search and engage in the tedious battle of landing a job. In contrast to their peers in western countries. Young Soviet graduates didn't have to worry about repayment of student loans, because education was free. On the contrary, many had savings from the income they used to earn from working in construction teams during two months of summer recess at the end of each term. So, with a job at hand and no financial burden to carry on, young Soviet men and women could start their own families early in their career.

It had a positive impact on demographic trends of the country. In contrast to many European countries, the Soviet Union in the early 1980s was not an ageing society. As mentioned in preceding chapters, government housing in modern apartment blocks was provided free or on nominal rents. Public transport was very cheap. A ride in the Moscow subway would only cost 5 kopeeks (equivalent to cents) to any destination. Similarly surface transport on buses and street cars (trams) was also cheap. A ride would cost only 4 cents. Bread baked in bakeries used to cost between 6 and 20 kopeeks depending on the size. Other food products sold in state-owned grocery outlets were also proportionately cheap. In privately-operated cooperative markets, wider assortment of raw and processed foods was also available at slightly higher prices. These were the main goodies that the Soviet Government offered its citizens in exchange for depriving them of their voting rights and accepting dictatorship of the CPSU.

This bargain had been working well with no visible social discontent so long as the economy was on a growth trajectory and people's standard of living was rising. But this bargain came at a cost, at the cost of gutting the flame of revolutionary consciousness among the working class which was critically needed in order for Soviet Union to continue its journey on the road to the next goalpost, communism, solemnly reasserted in the preamble of the 1977 constitution.
Having lost all avenues to exert their stake in the political system, a mindset of indifference gradually set in. People in the grassroots started alienating themselves from the party. It was in stark contrast to early years of building socialism when the working class and the poor, the majority of the population, identified themselves with the party seeing it as their own. In fact, this vast reservoir of people's goodwill and readiness to rise up to calls of the party in challenging days of socialist nation building and fascist aggression enabled the CPSU and Soviet government to accomplish unparalleled marvels in socio-economic development propelling a peasant-dominated country in 1917 to a space-faring modern industrial country in 1960. Economists world over still argue about the real growth rates of the Soviet economy during this period trying to downgrade Soviet official statistics. But to many unbiased watchers of Soviet nation building, it was indeed achieved with rocket speed. And the people, their enthusiasm and solidarity with the Party were the rocket booster.

The process of people's distancing from the party and their growing apathy to political processes paved the way for the government as well as the party bureaucracy to consolidate their stranglehold on the Soviet state and the economy. This is how "dictatorship of the proletariat" differed importantly from "dictatorship of the CPSU". Opening membership of the CPSU to everyone willing to join its rank was premature and an ill-conceived idea.
The CPSU probably calculated that the old class of exploiters, capitalists and large landowners were effectively destroyed, the industrial working class has established commanding heights in the society;

the new collectivized farming class was, in fact, rural working class in the farm sector and basically same as their urban brethren; and the new Soviet intelligentsia was mostly children and grandchildren of workers and peasants who accomplished the revolution. Therefore, the entire Soviet society became working class or closely resembling working class and automatically subscribed to CPSU's official ideology. But this was a grave mistake.

The Soviet society in the 1970s was not the same as it was in the 1930s. Having moved up the ladder on socio-economic and human development, the Soviet people became an affluent middle class with different outlooks and varied aspirations. Not many had any intention to make further sacrifices which were indeed needed if the journey to communism were to continue. On the contrary, many decided to put a brake on collectivism, sit on and consolidate what has been achieved and look for opportunities for personal gain and enrichment. The rock-like social cohesion centered on revolutionary solidarity and egalitarian lifestyle was gradually falling apart. The trends of Soviet society during this period were quite the opposite of what was portrayed in the theory of "mature socialist society" discussed in the beginning of this chapter. But admittedly this was the direction in which Soviet society would have evolved had all Soviet leaders beginning from Khrushchev could have mobilized courage and foresight in providing leadership.

But unfortunately that didn't happen. The consistent upward trend of growth and productivity of the Soviet economy slowed in the late 1970s. If compared with advanced capitalist economies, this situation closely parallels the middle income trap in which countries remain locked for years. In the Soviet Union the situation became more difficult because fatigue gripped CPSU's top leadership in ideological thinking. In private, many CPSU leaders stopped believing in Marxism-Leninism as a worthwhile ideology and in its capacity to deliver continued economic growth. With the exit of the first generation of Soviet leadership led by Lenin and Stalin, revolutionary spirit in the party dimmed considerably. The second generation ushered in by Khrushchev adopted a pragmatic and business-as-usual approach and saw little reason to risk their political career by needlessly emphasizing on Marxism-Leninism in policy making. In Marxist worldview, reaching socialism is half way on the road. To keep advancing toward the goal of communism, the challenge was to keep focus on Marxism and to try to reinvent the Soviet working class. It was no longer proletariat in true sense, for a leadership role much in the same way as it was during the days of dictatorship of the proletariat.

Obviously, it was a grandiose task. It required creative thinking to interpret Marxism in the era of advanced socialism and take big decisions in an ongoing nation building process. Not excluded it would have entailed heavy handed measures to quell dissent and blood letting at some point on the road. But this generation of Soviet leaders, having grown up after the October revolution, was a far cry from the founding leaders of the country. They neither had the same kind of intellectual calibre as Lenin had or the courage to take momentous decisions as Stalin did in navigating the country through difficult junctures. Having developed their political career under Stalin, they became adept at implementing directives, conducting routine businesses, engaging in conspiracies and rivalries to establish inner party control, etc. With such leaders at the helm, the fogginess surrounding the prospect of building communism became denser and this milestone receded farther in the distant horizon. They couldn't rise

beyond being foot soldiers and all they could do was pay lip service to the virtues of Marxism and Leninism.

This mindset of the CPSU leadership was trickling down the country's governance system. As stated in the chapter "Political system and governance structure", loyalty to higher authority and readiness to implement directives were the unwritten criteria for performance assessment in the bureaucracy. Those who could establish rapport with higher authority along these lines were quickly promoted and moved to responsible positions. Slowly, demonstration of loyalty took the shape of sycophancy in the Brezhnev era. The same sort of personality cult for which Stalin was accused and his legacy was disowned started building up around Leonid Brezhnev. But since Brezhnev didn't resort to repressive measures, his personality cult looked benevolent like a fatherly figure. Many people often innocently adulated him. In national television's nightly prime time news broadcast, there was a section of reporting stories of the agriculture sector. We often watched collective farm workers proudly reporting their achievements, particularly fulfilling their production targets, for example, number of eggs and liters of milk produced. Very often, they used to end their statement with a big grin by directly reporting to Comrade Leonid Brezhnev their achievements and ensuring him personally that they would continue to work selflessly in the interests of the motherland.

The rotting of political culture was facilitated by infiltration of the CPSU by purely opportunistic individuals. They had nothing in common with Marxist ideals and many even were discreetly hostile to socialist values. In absence of national civil service, smart people deftly used the Young Communist League, Komsomol, as stepping stone for entry into the country's governing political stream. After working there for sometime they could qualify for full-fledged membership of the CPSU and after entering the party ranks they used to shift their focus on building relationships with party leaders. The most common approach was slavishly toeing the official party line and becoming aggressively vocal in advancing the party's tool kit for ideological propaganda, often caring to know much about it. Their only goal was to draw attention of the superiors and secure a position in the administrative bureaucracy, *nomenclatura*. This was how the third generation of Soviet leaders including Mikhail Gorbachev was raised.

While promising to do things to accelerate the dawning of communism, they were not shy of uttering non-senses. One such thing was the call "create new human beings (создание нового человека)", with which all speakers in any party-organized event used to end their speech. No one had the guts to question what it really means and how it can be done. The audience pliantly listened to it as a matter of duty. Now in the hindsight, the fallacy of such sloganeering is self-evident. In all societies humans are born and with growth and development are exposed to various experiences in the external environment that shape their attitudes and worldview. To a limited extent, this can be influenced by imposing changes in the external environment. But attempts at total remodelling of a human being to fit Soviet ideology were utterly ridiculous but perfectly fit the political winds of that time.

People fearful of openly expressing dissent were becoming cynical and distancing themselves from the party. Political jokes aimed at the party and its leaders mushroomed. The more CPSU was trying to force

people into its policy agenda through intensification of ideological campaigns, the more people were becoming cynical. Having disconnected from the people and members of real working class pushed to the minority in the CPSU, the door was opened for moving up in the party hierarchy for those who had no faith in socialism and became engaged in sowing doubts in the party's policy making circle about the validity of the Soviet socialist economic model. They directed their focus on deepening market-based approaches in the socialist economy making re-emergence of capitalism irreversible in the Soviet Union. In this process, the CPSU virtually lost all important characteristics that defined it as the party of the working class, the proud inheritor of the Communist Party (Bolsheviks) led by Lenin which accomplished the Great October Socialist Revolution. From a party it became a deep state with its army of bureaucrats sitting on the top of the economy who in all but name owned state property.

At this time, the size of the Soviet bureaucracy exceeded all historical records. The total number of bureaucrats during Brezhnev's rule was 1.75 million in a country of about 276 million people. Thus there was one bureaucrat for each 158 people. At the highest level of the state bureaucracy was the establishment of the CPSU Central Committee (CC), the economic and political nerve centre of the Soviet Union. In 1980, the CPSU CC bureaucracy consisted of 22,500 people. Party bureaucracy was complemented by the economics bureaucracy. The selection of cadres in the civil bureaucracy, as mentioned above, was based on their personal acquaintances with party leaders and the key factor was that these people were loyal to this or that leader.

Technical competence was not the defining qualification. Nor was it actually needed in performance of routine functions. Because policy making of any sort was exclusively done by CPSU's Central Committee and refined in the nucleus of the power structure, the Political Bureau of the CC of CPSU. Technical inputs of the bureaucrats and specialists were needed not for policy making but for providing objective justifications for the policies already enunciated. Soviet-strand intellectuals, officially designated as People's intelligentsia, were different from their counterparts in the western world. After the elimination of the rich and aristocratic layer of the society underpinning imperial Russia's civil service, the new generation of intellectuals rose up from the grassroots, from among workers, peasants and the poor. To fit them in the new societal order defined by classes under the domination of the working class, they were made to understand throughout their education and training that they were also workers engaged in intellectual labour as opposed to physical labour by their industrial worker brethren. In practice, it drew a limit to their creativity in thinking. It won't be an exaggeration to say that Soviet intelligentsia was mostly half-captive minds. In speaking out, they were careful not to cross the invisible red line drawn by the authorities. But it was also true that many willingly imposed self-censorship out of gratitude because of the opportunity they got in reaching leadership positions in science and academia, arts and culture from humble origins.

Formally a line of distinction was drawn between the party and the state by reaffirming in the 1977 constitution the status of the Supreme Soviet as the highest legislative authority of the country with its presidium as collective presidency. The President of the Presidium of the Supreme Soviet, Nikolai Podgorny during most of Brezhnev's tenure, was officially the head of the state. As the (so-called) elected institutions, the Soviets, didn't have any real authority. Podgorny, in essence, was titular head of

the State. In fact, the post of the President of the Presidium of the USSR Supreme Soviet was created to liken it to the post of President of the United States, France and other capitalist countries for maintaining equivalence in diplomatic protocol. The constitution assigned the CPSU real authority by emphasizing its status with just one word “nucleus” of the society; the choice of the word “nucleus” was not accidental ; it accurately pointed to the source of power. No illusion was left that General Secretary of the CC of the CPSU, Leonid Illych Brezhnev, wields the real power of the head of the State. But American presidents often didn’t feel comfortable signing diplomatic accords with General Secretaries. So, President Podgorny’s main job was to provide diplomatic cover for the all-powerful Leonid Brezhnev.

The mind of the average Soviet citizen was carefully choreographed to the notion that because the Politburo discussed any issues and the decisions taken thereafter, they were absolutely right decisions. No further debate at any level was needed. All that was sought in a new recruit was his/her unquestionable loyalty to a particular power centre in the party-state bureaucracy. Often, if any administrative personnel were not up to the challenge of the position assigned, he/she was transferred to other managerial jobs. Thus if any somehow managed to get into the bureaucracy, a comfortable life-long career was almost guaranteed.

At the dawn of the October Revolution, V.I. Lenin, while dismantling the old bureaucracy, emphasized that his goal was to get rid of bourgeois elements working for the capitalists. He set out to build from scratch a new bureaucracy runned by working people solely in the interests of the working people. But obviously putting inexperienced and illiterate workers overnight directly in charge of administration was not an option on practical considerations. So the strategy was to keep the salaries and benefits of the bureaucrats comparable to those of the workers. Lenin himself assigned a monthly salary of 500 roubles which was then equivalent to the mean salary of an average worker. Later a ceiling was established that set the rise of average salary of personnel engaged in administrative and intellectual labour not to exceed 100-150 percent of the average salary of industrial workers. But the gulf started widening after the exit of the first-generation of revolutionary leaders. In the post-Stalin era, beginning from Nikita Krushchev, salaries and emoluments of Soviet leaders started rising by leaps and bounds reaching the highest level under Brezhnev. The same trend was reflected in increase of pay and benefits of the members of the bureaucracy, the nomenclatura.

In addition a wide range of benefits and privileges were introduced for them. A dedicated supply chain was put in place for providing members of the bureaucracy with goods, commodities and services, including those that were in short supply for which ordinary people would have to stand in lines for hours since the early 1980s. This supply chain included the 200th section of Moscow’s famous GUM, the State Departmental Store; Stores for provision of special customer services to elites located on Kutuzov prospect in Moscow and other such stores. All accredited members of the bureaucracy could purchase, often at much lower prices, goods inaccessible to the rest of the population. Separate and better quality medical care was in place for the nomenclatura. It had its own network of special polyclinics, hospitals and sanatoriums equipped with the latest technology, highly qualified specialists under the control of the fouth main directorate of the USSR Ministry of Health, popularly known as the number four. If all visible and invisible emoluments plus salaries were to be converted in dollar denomination even at real

exchange rates, then the pay and benefit package of a mid-level Soviet bureaucrat in the 1980s was the envy of their western counterparts. Showering bureaucracy with so much material largesse and undue advantages resulted in emergence in Soviet society, officially characterized as mature socialist, of a privileged class, *nomenclatura*, which wielded enormous power and superseded in influence all three officially recognized classes in Soviet society – workers, cooperative farmers and people's intelligentsia.

In one respect, Soviet society had a close parallel to American society during this period. Both societies were dominated by the affluent middle class, that is people with incomes falling in the medium-income bracket. But because the American economy was run by private entrepreneurs, there was a considerable income gap. The richest with income levels falling in the top income bracket constituted around 1% of the population and popularly known as one percenter. The Soviet nomenclatura didn't have the same level of income but they also became 1% of Soviet society due to their attitude, their privileged status and the rising income gap. It was a colossal ideological betrayal. The CPSU and the Soviet state drew their legitimacy on the promise of elimination of exploitation of humans by humans; establishing the principle "from each according to his ability, to each according to his work" and stressing the centrality of "work" for deriving income and livelihoods and banning all avenues for non-work related incomes. If this logic is to be applied in proper context, then the pay and benefit package for the members of the bureaucracy must not exceed that of the highest paid worker. Because bureaucrats by nature of their work were not producing anything tangible that can be sold and traded, their labour should not have been judged as more valuable than the labour of the worker. When a bureaucrat received far more than a worker, the difference could be attributed to exploitation of the worker. The emerging inequality was slowly becoming evident when the nomenclatura carved out special sets of privileges for itself at the cost of common people. Unfortunately, the ground realities of Soviet society in the late 1970s were in stark contrast with the picture Mikhail Suslov painted in his theory of mature socialist society.

Concentration of power in the hands of bureaucracy was also facilitated by the failing health of Leonid Brezhnev. To be sure Brezhnev was never in good health partly because of various ailments accumulated over time throughout his political career. In early years despite his requests, Stalin seldom granted him leave of absence for prolonged treatment. Although he was looking young and energetic in 1964, he lost much of that vigour in the mid-1970s and was hardly capable of coping with the demanding schedule of official duties. It created an opportunity for a narrow group of party bureaucrats to exert influence on setting Brezhnev's governance agenda and decision making processes at the highest level. To consolidate their hold on power, this group, as started above, carefully started building a sort of cult around the personality of Brezhnev. They spotted his vulnerability to flattery and deployed tools of sycophancy for portraying him bigger than his stature.

The first opportunity appeared when Brezhnev disclosed to his close confidante Leonid Zamyatin, the Director General of TASS (Soviet news agency) from 1970 to 1978, his desire to record his war experiences[24]. Soon a team of eminent journalists was assembled under the supervision of Zamyatin to write three books for Leonid Brezhnev with the goal of casting his literary intellect and highlighting his

[24] http//vm.ru/news/366085.html, accessed 19 June 2017

war achievements and contributions in post-war reconstruction. This initiative got enthusiastic support of Konstantin Chernenko, Brezhnev's close friend in the politbureau. He saw in it value for use in ideological campaigns to train the young generation. The names of writing team members were held in secret. The bargain was that their names will not appear anywhere as contributing authors and they will be rewarded otherwise. The first book that the public saw bearing the name of Leonid Brezhnev was titled "Little Land (МалаяЗемля)". During the Second World War, Leonid Brezhnev, in the rank of Colonel, was working as head of the political department of the 18th army. Therefore, he had little combat role of any significance.

The purpose of this book was to outsize the role of a limited military operation in the large canvass of the Great Patriotic War and present Leonid Brezhnev as a Great War hero. The Little Land was a small patch of land about 30 km^2 in size, along the shorelines of Black Sea near Novorossiysk, a port town in the Krasnodar region occupied by the German army. In February 1943 a small contingent of Soviet airborne division of naval infantry captured this small patch of land to prepare a launching pad for mounting an all-out assault for liberation of Novorossiysk. Colonel Brezhnev was among the marines who defended this small patch of land for 225 days from artillery fire from the enemy which was sitting on higher ground before the Red Army went into a frontal attack. The book depicts everyday challenges the Soviet soldiers faced in holding on to their positions and preparing the supply routes for arms and ammunition for future operations. Actually written by Arkady Sakhnin, noted journalist working for "*Izvestya*" newspaper, the novel was indeed a good literary work.

The second book in the series was "Virgin Land (Целина)" written by Aleksandr Murzin. This book highlights Brezhnev's leadership role as Kazakhstan's party secretary in bringing virgin grassland under cultivation which we have discussed in the chapter on "Performance of centrally planned economy." The third book was titled "Revival (Возрождение)" written by Anatoly Agranovsky, one the country's best journalists. It depicts Brezhnev's experiences as he led post-war reconstruction efforts in the Zaparojhiye region of Ukraine. The three books known as "Trilogy" became a must-read component in ideological campaigns throughout the country highlighting the literary genius and leadership quality of Leonid Brezhnev. The trilogy was made compulsory in all schools, institutes and universities. It was also included in our course curriculum and we had to write exams on these books. The literary quality of these books was superb and we enjoyed reading these books. Although the entire state machinery was put into action to erase any doubt in public that Leonid Brezhnev had written these books, few people believed in it. But they were not hostile to Brezhnev because he was easy-going, avoided heavy handedness in decision making. He was perhaps the only leader in the post-Stain era most admired and loved by people. So people used jokes to mock him. One joke regarding the trilogy was like this: Brezhnev asks Suslov, "Have you read the Little Land? Yes, I did, and twice, in fact. I liked it very much. With his face glowing in satisfaction, Brezhnev utters "I need to read it too".

The grip of sycophants was becoming tighter. Soon after the publication of the trilogy, Leonid Brezhnev was awarded with the Lenin prize for his contributions to literature. Before that between 1976 and 1981, he was given the highest state award "Hero of the Soviet Union" three times which was unprecedented. In the late 1970s. During the prize giving ceremonies, he often looked frail and was led to the podium

with assistance. Taking advantage of Brezhnev's declining health, the shadow group of sycophants took effective control of the state. The power of the party-state bureaucracy became overwhelming.

The hallmark of Brezhnev's 18-year rule (14 October 1964–10 November 1982), the second longest by any Soviet leader after Stalin, was stability. During this period, no major policy reforms were introduced. After the failure of Kosygin's economic reforms, no significant steps were taken to improve productivity of the Soviet economy. Piecemeal adoption of material incentivization within the framework of central planning became the key strategy in economic management. The ruling elite's focus was on maintaining the status-quo and not trying something that could trigger large-scale social unrest. But the society was indeed changing and the signs of social discontent were becoming evident. The response of the authorities was either ignoring or suppressing this trend.

Decades of structural imbalance of the economy in favour of heavy industrialization and defence spending was having its impact. The productivity of the country's light industrial sector producing consumer goods, processed foods and other products and services that symbolize quality of the standard of living was below the level for fulfilling aspirations of the rapidly urbanizing affluent middle class. The domestic light industry belonging to different ministries was failing to catch up with the trend and respond to buyers' demands. And therefore customers were offered goods which went out of fashion long ago. The state stores were full of foot wear, clothes and other locally produced goods. But very few would want to buy below standard goods. For the majority of Soviet people, purchase of good quality, comfortable and fashionable clothes and shoes turned into an intractable problem. If somewhere in any store – imported shoes, boots, clothes – became available for purchase by common people, buyers immediately flocked from all corners of the town and stood in lines waiting for many hours.

From the early 1980s, the deficit in market supply of quality consumer goods led to a rapid increase in idle money which households deposited in saving banks. In the first half of the 1970s, they grew 2.6 times and in the second half three times faster than sales of consumer goods. Significant funds were stored under the bed[25]. In short most Soviet households were sitting on hordes of cash, which they were willing to spend as soon as the opportunity to buy the right product appeared anywhere anytime.

This situation was aggravating simmering discontent. The party failed to notice that average Soviet citizens were no longer recipients of state handouts; by behaviour and outlooks they were looking more as customers with demand for variety and quality of products and services as everywhere in the world. The Soviet leadership ignored that the country sits next door on the borders of capitalist Europe. The winds of change in lifestyle and the standards of living in those countries would not leave Soviet citizens unaffected for a long time. To drive home this point, the city of West Berlin, an Anglo-American protectorate, separated by a famous wall from East Berlin, the capital of socialist German Democratic Republic (GDR), was deliberately chosen to showcase western consumerism in the heart of the world socialist system.

[25]Soviet society from mid-1960s to the beginning of 1980s; https://his.1september.ru/articlef.php?ID=200103501

For many years, the exposure of Soviet citizens to the outside world was limited by allowing only guided group tours abroad and that too mostly in friendly East European countries. The situation started changing beginning in the late 1960s with the emergence of electronic mass media and the arrival of expatriates, including an increasing number of foreign students from developing countries for study in Soviet institutions of higher learning. The expatriates brought with them different culture, lifestyle, and attire which drew the attention of local people and ignited in them desire to acquire such stuff. But such longing of people was officially viewed with suspicion and censured. The Government opted for propaganda and sloganeering by party units at all levels to dissuade the young generation from being "contaminated" with western capitalist consumerist culture alien to the ideals of socialist society.

But in the 1980s, the "patriotic propaganda" of the 1940s was hardly resonating with the public. Gone were the golden days when calls for leading modest and austere life could work. Persistent deficit of coveted consumer goods generated rush demand and people were becoming desperate to acquire quality goods by any means. This situation was deftly used by many workers in the retail sector and dealers of the slowly emerging shadow economy to fulfill unmet demand for quality goods. Despite official propaganda, few ordinary citizens could hardly afford not utilizing their services. In the youth community, it was by no means considered shameful to earn extra money on reselling branded jeans pants imported from abroad or bought in foreign currency shops "Beryozka" where ordinary Soviet citizens had no entrance. The gulf between demand and supply of quality products for everyday use was so wide that it was impossible for law enforcement agencies to suppress these black markets which started functioning semi-legally in designated spots. In Krasnodar, there were some which the public used to call "*Tolchok*". Thus the constitutional definition of "advanced mature socialist society" was a mockery on many counts of the ground realities prevailing in Soviet society in the early 1980s.

Soviet nation building in the era of mature socialism

The USSR started its journey on the world stage in 1922 as a multinational federal state. It was a risky beginning for a country that occupied almost the same territory as the Russian Empire except Finland and Poland, which were granted independence after the revolution. The empire was a unitary state. For centuries it was built upon a single national Russian identity accommodating under its fold a diverse mosaic of ethno-cultural and religious groups as discussed in the chapter on "state building during NEP". After successfully accomplishing the October Socialist Revolution, the Bolshevik leaders confronted the tough question of designing the organizational structure of the new state. It was impossible to evade the question of nationality in Soviet nation building because a key slogan that helped Bolshevik leaders mobilize masses in support of the revolution was "the right of nations to self-determination". It was supposed to be the new formula for the relationship between ethnic and religious minorities and the state. But putting this formula in the design of the state was not an easy task and there was debate among the Bolshevik leadership on how to proceed.

Although the revolution was directed at empowering the proletariat and suppressing the capitalists, it still didn't have the same meaning to all ethnic groups inhabiting the Russian Empire. For the Russians

and other Slavic people (Ukrainian/Byelorussian), the revolution's appeal was mostly socio-economic and cultural upliftment. But for other nationalities (Georgia, Armenia, Azerbaijan, Uzbekistan, Kazakhstan, Turkmenistan, Kirgizia, Tajikistan and many more), the revolution was equally about emancipation from centuries-old political domination of Russians. Working class leaders from these nationalities didn't want to lose sight of this fact and wanted accommodation with their Slavic comrades absolutely on the same political plane. Bluntly speaking, they wanted to see Russian domination go into oblivion along with the Russian aristocratic class and imperial dynasty. But some top Bolshevik leaders opposed this mindset.

If the purpose of the revolution was to create a new societal order where equal opportunities would be given to everyone regardless of ethnicity, culture and religious belief and gradually moving toward greater social cohesion by blurring distinct sub-national identities, then igniting nationalism by creating national republics was hardly a wise idea. They instead opted for providing autonomy to national entities within a single Russian Socialist Federation.

But Vladimir Lenin through the lens of his idealism saw things otherwise. He believed granting equal rights and empowering all nations and nationalities would accelerate their development and help them catch up with Russians and other advanced nations which would then discourage national consciousness and help merge all ethnic groups into a single Soviet nationhood in an equal socialist society. But history would later prove that Lenin was more idealistic and inadvertently sowed the seeds of disintegration of the country by converting historical Russia into a federation of national republics. Lenin followed the principle of ethno-federalism which assumed that each nation would have its own territory with its state institutions – its own republic. Under this arrangement, depending on the size and the location of its territory, a republic could be either Union or Autonomous.

The Union republics (there were 15 of them) had more rights, including the right to secede from the USSR. Autonomous republics were part of a particular Union republic. Smaller national entities had the status of autonomous regions and divisions. In short, almost all nationalities were endowed with some sort of distinct statehood. But carving the vast Russian landmass into dozens of statelets to provide each nationality with its own territory was done arbitrarily. Many minorities found their ancestral lands awarded to nationalities with whom they didn't share any ethno-cultural commonality. This led to public discontent but so long as the USSR remained as one country, internal borders mattered little and diverse groups were cobbled to live together without major conflicts.

The Union and autonomous republics had their own bodies of power– the Supreme Soviet, the Council of Ministers, the police (but not the army). The Union republics shared some ministries with the Central USSR ministries. The Union republics had all the trappings of separate statehood and with the constitutional right to secede; it was only a matter of time that they would exercise this right triggering the collapse of the USSR. At the initial stage of the revolution, nationalism was in sync with trans-national solidarity and fraternity that bonded the nations and nationalities of the USSR. The official policy of Soviet nation building was based on the principle of "friendship between peoples" and "proletarian internationalism". It was assumed that the "class" interest of workers in all countries was

immeasurably higher than the narrow nationalist interests of individual peoples. Proletarian internationalism was considered not only the basis of the friendship of the peoples within the USSR but also the main principle of Soviet foreign policy aimed at supporting national liberation movements throughout the world.
As the Soviet society matured, Bolshevik revolutionaries exited the political centre stage. The second generation of Soviet leaders took charge, consciousness about national ethnic identity instead of fading away became more palpable. Under Lenin's scheme of nation building, so much of sovereign power and authority was delegated to the Union Republics that the Soviet Union structurally became a weak federation, although it was not visible and felt on the world stage.

For the Soviet Union to do business in the real world, particularly in advancing its leadership role in supporting national liberation and socialist revolutions worldwide, the ideological facade on its nation building based on "friendship between peoples" and "proletarian internationalism" had to be tempered by a range of governance tools. These were officially not declared because they were very much business-as-usual and didn't sound romantic. These governance tools were inherited from the Russian Empire which held the view that the dominant nation in the USSR are the Russians; that Russian culture and the Russian language are important political factors that ensure the unity of the Union. This idea was reflected in the notion that the Russian people hold the status of elder brother in the family of the peoples of the USSR.

And although the ruling party and the state elite (bureaucracy) were formed from representatives of different peoples, it mostly regarded the Russian people as holding a special status in the country. It was taken for granted that the First Secretary of the Central Committee of the Communist Party of the Union Republic (the actual head of the region) would be someone from the ethnic group and the Second Secretary was Russian (very rarely Ukrainian). This arrangement was made to show that socialism in the provinces was homegrown and the regional communist party was not just a provincial branch of the CPSU. But the Second Secretary was Moscow's men in the provinces and his job was to ensure that republican communist parties were indeed regional branches of the CPSU. In addition, a resident KGB (Committee for State Security) head was posted in each republic to keep an eye on political developments and track internal dissent in the republics. These KGB heads with exceptions for Georgia and Armenia were all mostly Russians.

This duality characterized the policy of the Soviet leadership with regard to nationalities. This was inevitable because nation building is a real world task and governance had limits to accommodating ideological postulates of socialism. It was inevitable also because a large chunk of the Soviet society, particularly in Central Asia, was transitioning directly to socialism from feudalism and tribal culture bypassing the capitalist stage of development, essentially a whole epoch was rapidly condensing within a couple of decades. So if there was some sort of duplicity in Soviet leadership's policy toward ethnic minorities it was not entirely unjustified.
The principle "Friendship of peoples" was the basis for supporting development of nations and culture of nationalities. Some USSR republics as were national peripheries in Tsarist Russia lagged behind in economic and cultural development. Therefore, considerable resources were invested in their economy

and culture, in particular with a view to promoting the development of the working class, which the CPSU considered its support base. Forced industrialization stirred controversy among the local population. On one hand, it contributed to modernization of the economy, construction of cities and urban development, and the spreading of education. On the other hand, it contributed to erosion of local cultural traditions and environmental pollution because often it was conducted without regard for local conditions. The federal government encouraged and specially organized resettling of Russian administrative and military personnel, and workers into the union and autonomous republics. It was necessary for the creation of new industries, but also pursued the goal of controlling the territories inhabited by other peoples.

These changes gradually morphed into the policy of Russification – the dissemination of Russian language and culture. It became more evident in the 1980s. National schools were frequently closed and the use of national languages was narrowed. For example, in the Republic of Byelorussia, teaching in the schools in Byelorussian language drastically declined, and in the universities teaching was conducted 90% in Russian language. The leaders in the Republic spoke only in Russian, most books were published in Russian. But this policy was not welcomed by the local population.

Despite the trend of Russification, policies were also in place to support development of national cultures. These cultures were considered socialist in content and nationalist only in form. In the USSR, some national holidays along with traditional arts and handicrafts were encouraged. A network of ethnographic and local history museums was established and publication of books by local authors was encouraged. But the support for national cultures was limited in a narrow framework. All cultural initiatives that could jeopardize loyalty of the republics to the centre were declared bourgeois nationalism and brutally suppressed. For example, many historical events related to the struggle of peoples against the Tsarist autocracy, and the more so, the Soviet system, were stubbornly ignored or negatively assessed. Anyone who spoke of ethnic or religious discrimination was persecuted including imprisonment for “nationalist propaganda”, “Slander against the Soviet system” and “anti-Soviet activities”. At the same time, the ethnic (national) belonging of citizens was an important factor determining their social status and influenced their life and career.

But overall Soviet leadership’s policy approach to nation building cannot be construed as a complete failure. The rapprochement of the level of development of many peoples constituting the USSR, their familiarization with each other’s culture and traditions were quite real results of the country’s development in the 1980s. The Russian language in which a large majority of USSR’s citizens spoke became a commonly accepted language of interethnic interaction. For many Soviet people, the sense of Soviet patriotism was no less strong than the sense of local patriotism (Russian, Ukrainian, Kazakh, etc.). They didn’t see a contradiction between these feelings except for relatively few nationalist-minded citizens where those groups exercised influence on public opinion, for example, in Western Ukraine.

But no less real were the problems in inter-ethnic relations generated by forced inclusion in the USSR of a number of republics (for example, Baltic Republics); the policy of forced Russification and the leftover elements of inequality among people of different nationalities. In addition, problems inherited from

Stalin's rule continued to persist and vex inter-ethnic relations. As mentioned in the foregoing, the internal borders demarcating republics and regions were drawn arbitrarily in many places which created a fertile ground for ignition of future conflicts. However, the consequences of forced relocations-deportations-of whole peoples, which were repressed under Stalin, were especially severe. True, most of them were rehabilitated in the 1950s, but not all of them could return to their lands, already transferred to other peoples. It created the ground for numerous ethno-national conflicts especially in the Caucasus and Central Asia. These contradictions, of course, not only undermined the idea of the Soviet people as a new historical community, but also fuelled ethno-national conflicts that came to the surface at the very first signs of a weakening of the central power in the years of perestroika.

Soviet economy in the mid-1970s and early 1980s

Beginning in the mid-1970s, the trend of Soviet economy's growth was slowing down. In large part, it was due to inherent contradictions of managing the socialist economy as discussed in preceding chapters and weakening of discipline and breakdown of the chain of command in centralized management of the economy. The annual production targets for industrial enterprises were no longer unilaterally fixed by the State Planning Committee. Rather the industries negotiated the targets with sectoral ministries and the SPC. Often these targets were deliberately fixed below the actual production capacity of the enterprises. This allowed enough wiggle room for the management to show their performance overfulfilled at the year end and lay claim to prizes and titles such as "Hero of Socialist Labour (Герой социалистического труда)".

However, these "heroes" poorly matched the records of the "Real Heroes" of the Stalin-era in the 1930s and 40s. Their productivity hardly matched even 40% of their fellow workers in advanced capitalist economies. With time production plans and targets for industrial enterprises would lose their rigour and significance. As we have discussed in the foregoing, Brezhnev's rule was the most relaxed in Soviet history and is still fondly remembered by many as the most stable period in citizens' life. In informal gatherings where Soviet industry managers used to meet and socialize, in exchanging pleasantries they seemed relaxed and easy-going. In response to friend's enquiry "how you're doing?" the most common answer used to be "nothing significant, giving plan (ничего существенного, даём план). And both smiled knowing full well that these plans will not only be fulfilled, but overfulfilled, and in case, not fulfilled no punitive measures would follow.

Unfortunately, this is how the Soviet economic model based on central planning, administrative rigour and discipline, strict conformance to set production goals, and harsh accountability measures lost its power to deliver even mediocre economic results. The Soviet economy at this stage looked neither market-based nor centrally planned in true sense. According to official statistics, between 1976 and 1985 the growth rate of industrial production declined from 8.5% to 3.1%, agricultural production from 4.0% to 1.2%, gross national income from 7.6% to 3.2%, capital investments from 7.6% to 3.3%; and labour productivity from 5.2% to 3.0% [26]. Structural imbalance of the economy between light, food and heavy

[26]History and Modernity: Lessons from Russian History, http://www.lennor.ru/content/view/7/23/1/8/lang,ru/

industries continued to persist and the economy was reset to an extensive mode of development. This was made possible through deficit financing from increasing inflow of revenues from export of energy resources, particularly oil and natural gas amid soaring prices of oil on world markets during this period. As a result, despite sluggish economic growth, the real standard of people's living rose steadily during the Brezhnev years. People enjoyed one of the most stable and peaceful periods in Soviet history.

In bid to boost the party's moral standing and its vanguard role in the society amid failings in the economy, the Brezhnev Government reversed its initial policy of détente and lowering of confrontation with the west that began in the late 1960s. In the early 1970s, when the United States suffered defeat in Vietnam and the morale of the US leadership was not particularly high, there was an opportune moment for the USSR to strike a deal with the USA to lower the intensity of cold war by accommodating US sensitivities and committing itself to not expanding its footprint in the outside world. This would have freed enormous resources that went into feeding the arms race.

Despite the achieved military-strategic parity with the United States and the changing international situation, the Soviet leadership decided to intensify the arms race and keep intact the military mobilization orientation of the economy. Defense expenditures consumed 34-36% of the country's GDP as opposed to only 9% in the US. The Soviet military-industrial complex subordinated to its interests up to 80% of all industry and the main directions of scientific and technical progress. This was far in excess of the real needs to strengthen defense capabilities and catered to vested interest groups in defense industry and military leadership.

While fueling the arms race, the Soviet leadership saw an opportunity to sustain its hold onto power, the west saw in it an opportunity to deplete the Soviet economy and intensify brewing discontent in Soviet society. With more resources at disposal, it was far easier for the US to elevate the arms race to newer levels forcing the USSR to invest even more to catch up. But fuelled by petro-economy, the Soviet leadership under Brezhnev lost its sense of proportion and pressed ahead. In contrast to Stalin's pragmatism and cool-headedness in engaging with the west, all Soviet leaders who succeeded him decided to take the West head-on and intensify confrontation aimed at widening the Soviet Union's sphere of influence across the world. The Soviet leaders justified their activism as a matter of fulfillment of international obligation to come in support of socialist revolutions no matter where the call for help comes from. The first big opportunity unfolded at America's doorsteps only 90 miles away from its shores with the victory of the Cuban Revolution led by Fidel Castro.

In defending the Cuban revolution, Nikita Khrushchev showed unprecedented brinkmanship by stationing nuclear-tipped missiles on the island in 1962. It brought the USSR within a hair's breadth of nuclear confrontation with the United States. During Brezhnev years, the USSR made a deep inroad into the Arab world by promoting anti-imperialist, secular and modernizing quasi-socialist regimes based on the ideals of "Pan-Arab nationalism" in Iraq, Syria, Egypt, Algeria and supporting the Palestine Liberation Organization (PLO) in its struggle with Israel. In Indo-China, the USSR's footprint extended into Vietnam, Laos and Cambodia. On the heels of these successes, the USSR in 1979 launched direct military intervention in neighbouring Afghanistan to support socialist revolution in that country. This

misadventure handed the US a golden opportunity to take revenge for its defeat in Vietnam. It quickly built up a strategic alliance with Saudi Arabia and Pakistan for sponsoring resistance to Soviet forces and locked the USSR in a long proxy war.

Obviously, Soviet Union's foreign military adventures; its nation building activities in newly emergent socialist countries, such as Vietnam, Cuba, Nicaragua by directly subsidizing their state budgets; its considerable material-technical support to the quasi-socialist Arab world and the PLO; its material support to nurturing and sustaining communist parties worldwide were a tremendous drain on the Soviet economy. Ever increasing military budgets to sustain the arms race and to project power in the outside world and rising costs of development assistance to consolidate gains in its global extended footprint were leaving too little resources for investment in continuous improvement of material well-being of Soviet citizens. In the early 1980s, sluggish economic growth, largely a result of systematic underfunctioning of the economy, and falling revenues from oil exports started bleeding the economy.

The top priority during Leonid Brezhnev's rule was to maintain social stability and so he didn't risk undertaking major policy reforms that might unleash unintended consequences. But that didn't mean the country was not developing. Later, Mikhail Gorbachev labelled the era of Brezhnev's rule as "Great Stagnation" to justify his ill-conceived reforms. Far from being stagnant, the period of Brezhnev's rule marked the zenith of Soviet power and the peak in the standard of living of an average Soviet citizen despite shortages of fancy luxury goods.

Even today in Russia, Brezhnev's rule is fondly remembered by majority people as the most stable and comfortable period in Soviet history. Our duration of study in the Soviet Union (1976-1986) coincided with most of this period. And we feel blessed that we had the first-hand opportunity to witness the achievements of the Soviet state and share the joys and pride of our fellow Soviet citizens. After the fall of the Soviet Union, official statistics and data were cooked astonishingly to show nothing significant was accomplished during this period and the country just marked time. But falsification and misinterpretation of statistics can hardly deceive all who witnessed so many achievements scored during this period.

Change of guard in Soviet leadership in the beginning of the 1980s

The beginning of the 1980s witnessed quick succession in Soviet leadership. Leonid Ilyich Brezhnev, General Secretary of the CPSU since 1964, died on 10 November 1982. His 18-year rule was second only to Joseph Stalin in duration. It was marked by an almost similar cult of personality built around the leader and which left a legacy as distinct as Stalin's. It is true toward the end of his rule; he was leader in name only because of prolonged sickness. The country was effectively run by a group of party bureaucrats loyal to him. In hindsight, Brezhnev's death spelled the end of stability, setting stage for descent of the country into the brewing political storm. A country must have to be lucky to have the kind of political leadership needed to steer and navigate at difficult turns in its course of development. It was ironic that the top brass of the Soviet leadership in the early 1980s was mostly old, suffering from various kinds of chronic diseases that constrained their ability to remain effectively in charge. Soviet

leaders' poor health in no small measure contributed to decline and eventual demise of the Soviet Union.

Yuri Andropov, next influential CPSU politburo member and longtime head of the KGB, was elected as General Secretary of the CPSU. At 68, he was not a young leader but sufficiently active to take on the challenges of governing the country. We remember when this news broke out; people on the street celebrated in the hope that things would take a better turn under his rule. As head of KGB, he was the most informed among all top leaders about the real state of the Soviet economy and the society at the grassroots level. He vigorously proceeded to implement genuine course corrections which were long overdue, mainly fighting rampant corruption and bringing back order and discipline in running the economy. Few in the country knew the new general secretary was seriously ill.

But Andropov didn't give cause for concern. His dynamism and decisiveness in undertaking genuine reforms drew sympathies of the society and ignited hope for a better future. The emergence of Yuri Andropov as saviour of the country was destined to be short-lived. Beginning the summer of 1983, the health of the general secretary seriously deteriorated. He was rarely seen in public. In August 1983, Yuri Andropov was admitted to hospital for treatment of multiple illnesses. From his hospital bed he used to provide guidance and make important policy decisions. He spent the remainder of his life there until his death. The Soviet Union's fate was sealed with the premature exit of Yuri Andropov from the political stage. He was replaced by Konstantin Chernenko. At 72, his state of health was extremely poor due to incurable illnesses. He ruled much less than Andropov did – 13 months.

Following Chernenko's death, intense power struggle broke out in the CPSU politbureau. Because the field was now open to third-generation leaders who were relatively young and expected to lead much longer, providing new directions to the evolution of the Soviet state and the society. In fact, long-term growth prospects of the country were hanging in the balance because of stalled reforms initiated by Yuri Andropov. There was a search for someone in the party top ranks who could carry forward those reforms. There were a number of contenders for the top post in the party and state leadership. But Mikhail Sergeievich Gorbachev, then the youngest member in the politbureau at age 54, was able to draw the spotlight upon him not least because he was a confidante of Andropov. It was Andropov who helped Gorbachev quickly rise to the top through the party ranks.

But Gorbachev also had a good background. From his modest upbringing in a peasant family in Stavropol, an agricultural region in southern Russia, Gorbachev got the opportunity to study Law at the Moscow State University, the country's most prestigious seat of higher learning. During his student years, he displayed extraordinary learning capabilities and joined the CPSU. After graduating from the university in 1955, he returned to his hometown, Stavropol, and joined as a functionary in the city unit of Komsomol, the Young Communist League. In 1956, he became the First Secretary of Stavropol City Committee of Komsomol and in 1961 rose to become the First Secretary of Stavropol Regional Committee of Komsomol. In this position, he drew the attention of the First Secretary of Stavropol Regional Committee of the CPSU, Feodor Kulikov, who offered him to switch his career from Komsomol to CPSU. In 1962, he became the regional party secretary responsible for administration of collective and

state agricultural farms. Kulikov became Gorbachev's political mentor. He helped him rapidly move up the ladder in party jobs in the Stavropol region. Later, as a member of the CPSU politbureau, Kulikov facilitated Gorbachev's promotion to responsible positions in the Central Committee apparatus of the CPSU. It was the cream of Soviet bureaucracy. Thanks to his long experience of working with the issues of agriculture in the Stavropol region, Gorbachev was able to establish himself as an agricultural expert. It allowed him to subsequently become CPSU's chief ideologue in the field of agricultural development. In 1978, at the initiative of Yuri Andropov, Gorbachev was appointed as Secretary of the CPSU CC. He noted him as an extraordinarily educated and experienced specialist. In 1980, Gorbachev crossed the last barrier to reaching his sky-high ambitions becoming the member of the CPSU politbureau. Gorbachev's thoughtful and critical analysis of the issues and challenges facing the country drew appreciation not only in the party ranks in his own country but also in the West.

The Central Committee of the CPSU held its extraordinary plenary session in March 1985, in which Mikhail Gorbachev was elected as General Secretary of the CPSU. Election of the youngest member of the politbureau (aged 54) bypassing more experienced senior candidates, such as Grigory Romanov and Vladimir Sherbitsky, was unprecedented in the history of the CPSU. Outwardly, it was shown that Gorbachev was elected unanimously whose name was officially proposed by none other than Andrei Gromyko, the long-term foreign minister held in high esteem across party lines. But it was the result of massive homework and conspiracy of the circle of supporters which Gorbachev deftly cultivated in the CPSU Central Committee since the death of Leonid Brezhnev.

With the exit of the old guard leaders with chronic health issues, Soviet people were for a moment relieved seeing in youthful Gorbachev the energy and talent needed to provide a long-term stable leadership. It won't take much time before many in the CPSU CC including his promoters became suspicious of his actions and real intentions. Hardly did they know that Gorbachev, the first of the third generation Soviet leaders, would emerge not in the role of constructive state builder but in the role of its annihilator which he would accomplish in just six years. The one simple reason he was not a communist, didn't believe in Marxist ideals although he sneaked into CPSU and managed to quickly rise to the top.

Political context of Gorbachev's rule

Gorbachev's rule was brief but momentous, full of political adventurism. At home, initial euphoria turned into disillusion as people's expectations quickly dashed with each of his ruinous policy innovations. But abroad he became a hero full of determination to transform his country in a way that fits Western concept of democracy. Carefully choreographed by Western agencies, an unprecedented wave of adulation and craze surrounding Gorbachev's personality swept the streets of Western capitals. Mass demonstrations by young people carrying festoons and placards and chanting "Gorby, Gorby" on the streets of Washington, New York, London, Paris, Bonn and other cities were very common in the late 1980s.

Such adulation and embrace by the West of a Soviet leader was unprecedented in the history of East-West relations since officially the Soviet Union was the opponent of the West in the still raging cold

war. In contrast, for a brief period during the Second World War, when Soviet Union was an ally of the US and UK, Soviet leader Joseph Stalin far from being shown a degree of respect and admiration for his decisive leadership in crushing fascist Germany was admonished and denigrated in the West in all possible ways.

Gorbachev was markedly distinct from all previous Soviet leaders not only in age and youthful vigour but also in other respects. He had an attractive physical outfit and demeanour beaming with western-style smiles as opposed to boring and disgruntled physical appearances of old traditional Soviet leaders. He was an outstanding communicator capable of captivating audiences by the charm of his personality, frankness in expressing opinion and eagerness to listen. To his advantage was a law degree from the country's most prestigious university. He endeared himself to many by his fresh thinking on the relevance of Marxist ideology to contemporary Soviet society and new approaches to many issues that bedevilled East-West relations. His great asset in craze building around his personality in the West was his smart fashion-savvy wife Raisa. Her attire matching the latest world fashion drew attention in the western world. Gorbachev in his student life fell in love with and married Raisa Maximovna Titarenko, a student one year senior to him studying in the faculty of philosophy at the same university. Raisa Maximovna in her entire life would greatly influence the political activities of her husband.

Gorbachev highly valued her advice and help even when these were harming his policies. The young, intellectual and beautiful "Gorbachev-Raisa" couple easily outmatched the old "Ronald-Nancy" Reagan couple in the US. Like her husband, Raisa was also showered with admiration for her taste and appreciation of western-style fashion designs and the western media started portraying her as the "First Lady", a status unthinkable in the Soviet socialist society. Suddenly, this well-managed campaign of Gorbachev-Raisa's image building abroad baffled many seasoned watchers of Soviet Union's development in the post-Brezhnev era. Because they knew the Soviet Union's political system and the society was not prepared to absorb the shock of fast-coming tectonic changes. But equally a large section of the Soviet society was duped to believe that despite many shortcomings of their society, there are still certain things that make them look at par with the West if they break free from the conventions and traditions of the outmoded Soviet system and so they decided to stick with Gorbachev.

To understand Gorbachev and his policy agenda, it is helpful to look at how the third-generation Soviet leaders were picked, trained and groomed for future leadership. In general, much of what any revolution means is about its leaders who accomplish it. They embody its ideals; firmly believe in validity of its goal and despite zigzags in travelling the charted development path they never deviate from their coveted goal. When the first-generation leaders who accomplish the revolution leave the political stage, with them also disappears a big chunk of revolutionary enthusiasm. The second-generation leaders who grow up under the shadow of the first-generation leaders usually don't enjoy the same kind of authority and endorsement in the eyes of the people. To these leaders, revolution still makes sense but they seek to temper it with existing realities and strike a new deal with the public to address emerging concerns. To the third-generation leaders, revolution is mostly memory and having grown up in a changed context, they don't see the same kind of moral obligation to remain committed to revolution's original goal as did

their predecessors. They don't shy away from making drastic course corrections and attempt to add new content which they think relevant to sustaining their hold on to power.

In the USSR, the first-generation leadership disappeared with the death of Lenin in 1924 and Stalin in 1953 having ruled the country for 36 years since the victory of the October Socialist Revolution. Nikita Khrushchev, the first of the second-generation leaders, in an attempt to signal that he indeed represents a new generation publicly disavowed Stalin's legacy while remaining loyal to Leninist teachings. Under his watch, policy reforms were sought and implemented in management of the national economy to accelerate socio-economic growth of the country. However, no serious disconnect was made from the key ideological premises of the October revolution. But the context was entirely different for the third-generation Soviet leaders including Mikhail Gorbachev. These leaders emerged from the ranks of Komsomol not so much based on their leadership qualities demonstrated through their connections with common people and endorsement by the electorate.

Neither was it possible because when this generation of Soviet leaders stepped in, the ideals of the October revolution underpinning revolutionary consciousness almost entirely evaporated in the CPSU's top policymaking circles. As mentioned in foregoing chapters, the party lost its connection with the people. So, other qualities such as seeking to enlist in good books by party higher ups and leveraging relationships with this or that party bosses became most important in moving up the political career. The Great October Socialist Revolution was a distant memory to this generation of leaders, to some it was even a burden. Because if they were to remain true to the ideals of moving toward the goal of building a truly equal and classless communist society, they needed to make difficult choices and tremendous sacrifices as did the founders of the Soviet state.

But having in possession of the world's second most powerful state, built and protected by Lenin and Stalin and handed over to them and with no obligation to face the public in general elections, these leaders were desperate to find a risk-free middle-of-the road approach that won't upset the comfortable status quo. Very few of the ruling elite, Gorbachev foremost among them, retained faith in Marxism. Partly it was a result of a long process of CPSU's self destruction by opening the gate for admitting into its rank almost everybody who could draw the attention of an influential party boss by any means and convince the leader that once in the party, they are going to do his bidding and remain loyal to him. A good educational background including smartness to grasp and propagate official interpretation of Marxist-Leninist philosophy and sloganeering (such as "creation of a new human being") was an asset in this process. This was how the likes of Gorbachev entered the party beginning the 1950s and started moving up paving the way for CPSU's rotting from within. When such leaders with no faith in the revolutionary ideology that underlies the state and the society ascend to the top of the power, it is only a matter of time before the edifice comes down. The Soviet Union's predicament was becoming obvious to its ideological adversaries.

Cold war context of Gorbachev's rule

Soviet Union's heightening of the arms race, its sustained engagement in the outside world for projecting power and challenging the US on all theatres of military confrontation during the 1970s came to an end with defeat of the Democratic Party candidate, the sitting president Jimmy Carter, a moderate and more accommodative of USSR, in US presidential election held in November 1980. The victory of the Republican Party and election of Ronald Reagan as president and George H. W. Bush as vice president heralded a new turn in the approach of the US in handling the ongoing cold war with the Soviet Union. The Reagan-Bush duo adopted an openly aggressive and hawkish approach toward the USSR. In the United Kingdom, too, heavily defeating the Labour Party in parliamentary elections held in 1979, Conservative Party leader, Margaret Thatcher became the prime minister. She would go down in the history of British politics as "Iron Lady" because of her determination and consistency in pursuing domestic economic reforms aimed at revitalizing capitalist economies, downgrading the state's role in the economy and shrinking the size of the welfare state. In the US, President Reagan also proceeded to pursue similar domestic economic reforms. Ideological closeness of both leaders was also reflected in their foreign policy particularly with regard to challenging and containing the Soviet Union.

In 1983, Ronald Reagan declared the USSR as the "Evil Empire." It drew a line under "detente," which characterized East-West relations during the 1970s. Reagan's castigation of the USSR as "Evil Empire" and enthusiastically endorsed by Margaret Thatcher set in motion a sequence of well-orchestrated actions aimed at annihilation of the USSR. Hardly this sort of brinkmanship by an American president would have been possible had someone like Stalin been in charge of the USSR at that time. A Stalin-like Soviet leadership's response to such an open and vulgar challenge to the existence of the USSR would have sent an appropriate message to American presidents. But choosing the time for openly targeting the Soviet Union was not accidental. The beginning of the 1980s was indeed the most fateful time for the country witnessing successive funerals of experienced second-generation leaders, who, despite their many faults and incompetencies, were patriots and could still identify them with the ideals of the October revolution. There was none who could come forward and throw an equally nihilist counter challenge at the US. The US and UK had full knowledge of who was coming and so started the ground work to destroy the USSR. Before 1985, Gorbachev frequently visited western countries and met government leaders and influential politicians there. He was able to forge good relations with then British Prime Minister Margaret Thatcher. Below is an excerpt from Thatcher's assessment of the Soviet political scenario.

"However, soon we received information about the impending death of the Soviet leader and the possibility of a man coming to power, through which we will be able to realize our intentions. This was the evaluation of my experts (and I always formed a highly qualified group of experts on the Soviet Union and, as necessary, contributed to the additional emigration of the necessary specialists from the USSR). This man was M. Gorbachev, who was characterized by experts as an imprudent person, instilled and very ambitious. He had good relations with the majority of the Soviet political elite and therefore his coming to power with our help was possible"[27]

[27]Is Gorbachev a traitor or a fool; http://glazzdrav.ru/gorbachjov-predatel-ili-durak

It illustrates how carefully western leaders plotted for Mikhail Gorbachev's assumption of Soviet leadership in 1985. Gorbachev also introduced a new concept in Soviet foreign policy by rejecting the idea of "class struggle" and advancing the concept of "interrelationship of all world phenomena." By signalling reconciliation with the West, Gorbachev succeeded in boosting his global image as a peacemaker bent on bringing the world back from the dangerous escalation of the half-century cold war.

Gorbachev's transformational agenda

The shortest statement is "destruction of the USSR". Reaching this conclusion isn't difficult if one tries to read between the lines of what we wrote in many policy papers and said in his numerous interactions with the public at home and abroad and then tries to glean into his worldview. It would be evident he was no longer a believer in the ideology that was the bedrock of the Soviet state. His contempt for the ideals of Marxism was hardly disguised. He set his sight on dismantling Marxist socialism and replacing it with liberal social democracy as practiced in Western Europe. But he awfully lacked the wherewithal to do that, though apparently it seemed he was blessed with essential leadership qualities. In the capacity of a long-serving bureaucrat responsible for the agriculture sector, he read a lot because he had access to books and articles written by Western ideologues as well as Soviet dissidents residing abroad. In this process, he was gradually converted into their ideology, and frankly, he was not alone.
This virus was spreading into the top ranks of the CPSU leadership. It didn't evade the watchful eyes of western analysts who detected long before the trend of ideological debasing and defeatism in CPSU leadership and bidding time to pick a suitable one. And that moment came with the rapid exit of ailing senior leaders and emergence on the scene of Mikhail Gorbachev. But Gorbachev was far more ambitious. His goal was not only the dismantling of socialism in the USSR but the destruction of the country where he was born and brought up. The determination with which he was working toward this goal was evident in how he sequenced his economic and political reforms paving the way for deepening chaos and crisis setting stage for a political Tsunami.

Were he honest in his designs like his reformer predecessor Nikita Khrushchev, he could have adhered to policy reforms initiated by late Yuri Androprov and carried them forward with consistency and determination. It would have been a painful process, would have taken years for the positive results to be felt but, at the minimum, the USSR as a country could have been saved. What Gorbachev offered as a remedy to cure the economic woes of the Soviet Union was nothing new. These were the same time-tested and consistently failed economic reform programmes initiated and pursued to different degrees by all Soviet leaders in the post-Stalin era. Gorbachev repackaged those policy prescriptions for experimenting in a fast-evolving context which later would be branded as "*Perestroika*."

The coining of the term *Perestroika* illustrated the scale of Gorbachev's ambitions signalling that he won't be limited to just economic reforms but would proceed deeper to change the political landscape of the country and its governance system. The term *Perestroika* in Russian language cannot be exactly translated into other languages. It is not just about modernization, reconstruction, reform, and

transformation. It includes one or all of these elements at the same time. To understand the depth of the changes sought through *Perestroika*, it is helpful to look at the syntax of the Russian word *Perestroika* (pere + stroit), which means build again. Therefore, what is in place must be destroyed and built again from scratch.

This is where Gorbachev started looking like someone betraying the ideals of communism.Because as a seasoned bureaucrat and administrator and having access to KGB-collected information about the real state of the country, it shouldn't have been difficult for him to predict the consequences of his political adventurism. He shouldn't have been oblivious of the simple fact that he was a part and also beneficiary of the system he was trying to reform and reinvent. He could go with the reforms only that far that won't challenge his own power as General Secretary of the CPSU. To a lay person, it was evident that CPSU in the mid-1980s was a far cry from what it was in the early days of the revolution and construction of socialism. As discussed in the Chapter "Soviet society and the political system in the 1970s", continued infiltration of CPSU by individuals seeking personal gains and advancement with no faith in Marxist ideals gradually gutted its revolutionary spirit. As a result, from a revolutionary party built from the grassroots, CPSU was effectively converted into a conventional political party and in the eyes of a large section of people it lost the moral claim to monopoly of political power. His reforms were more likely to contribute to weakening the CPSU rather than strengthening it.

Whether Gorbachev was acting at the behest of western agencies as hinted above remains a great unknown. Until resolved, this suspicion will not go away. Many CIA operatives stationed in Moscow at that time had boastfully hinted at their roles in bringing down the Soviet Union. Domestically, debates on Gorbachev's role are not dying away. In 2014, a group of parliamentarians in the Russian State Duma undertook a legislative initiative asking the Attorney General to start criminal procedures against the "Soviet Separatist" Gorbachev. To be sure timing is the key prerequisite for any reform programme to succeed. As stressed in the chapter on "Missed agriculture sector reforms" Soviet Union missed the chance for implementing deep economic reforms aimed at evolution into state-directed capitalism in the 1960 during the rule of Nikita Khrushchev. At that time the Soviet society was more cohesive, still rallied around the party and the control of the CPSU on the political processes was beyond doubt. The society could have absorbed the shock without any political turmoil. But the mid-1980s was a more difficult period. The chronic inability of the authorities to bridge the widening gulf between the demand for quality consumer goods and its supply led to emergence of difficult to conceal black markets and private economy. The country was ill-prepared to withstand such a paradigm change in its socio-economic system.

Gorbachev's *perestroika* programme unfolded in three stages: 1985–1986; 1987–1988; 1989–1991[28]. The first stage of the programme was officially given green light at the April 1985 plenary session of CPSU's Central Committee. Discussions centered on the urgency of bringing about profound changes in all spheres of the society. Those changes were supposed to be propelled by accelerated socio-economic development of the country. Acceleration was supposed to be driven by more rapid introduction and

[28]Beginning of Perestroika in USSR: M.S. Gorbachev, available at https://www.e-reading.club/chapter.php/97818/84/Zubanova_-_Shpargalka_po_otechestvennoii_istorii.html

active utilization of modern production technologies and scientific knowledge; decentralization of the management of national economy; introduction of cost accounting or (economic accountability); and strengthening discipline in production. State control was introduced for improving the quality of products. Priority was given to development of the social sector. Permission was given for undertaking both individual and cooperative activities. In the rural sector, the equality of all forms of management – state farms, collective farms, agro-enterprises, leasing collectives and commercial farms was recognized.

Many elements of perestroika were tried by Gorbachev's predecessors but abandoned due to poor results. Particularly miserable was Gorbachev's obsession with cost accounting/economic accountability (a Soviet-style approach to integrate market mechanisms in planned economy) given its consistent record of failure since Brezhnev's time. In Russian, хозяйственный расчёт, this means a method of business management of enterprises and enterprise management based on achieving conformity between costs of production and the revenue stream of the enterprises which allows full recovery of the costs incurred. But this market-based approach was consistently failing because the Soviet centrally planned economy didn't meet other requirements for this approach to succeed. Then is decentralization of economic management, a policy which Khrushchev tried with great fanfare but abandoned because of its disruptive effects on the overall economy and poor results.

Therefore, there is reason to believe that Gorbachev by repackaging failed economic approaches set the stage not for accelerating socio-economic development of the country but for its rapid degradation and downfall. No one would have blamed Gorbachev had he successfully steered the USSR on course to state capitalism in incremental steps (and that was the real prescription at that time) solely focusing on the economy without any political missteps that could have compromised the political authority of the CPSU.. It was obviously the path for Gorbachev to follow. But, as stated above, his agenda was far reaching and went into implementation at the second stage of *perestroika* (1987–1988).

The changes in the socio-political sphere began with implementing the policy of *Glasnost*, which means openness. Bluntly speaking, *Glasnost* was supposed to herald the transition of Soviet society to western-style liberal democracy. Press censorship was lifted and publication of new newspapers and journals was allowed. This new environment of greater freedom paved the way for emergence of multiple social organizations and associations in the country in support of perestroika, which Gorbachev sought to use as his power base independent of the CPSU. Many individuals who were oppressed and jailed during 1930–1950 were rehabilitated. The role of the press and mass media increased, opening the gate to wholesale revisiting the historic memory of the people, opening the "white spots" of history. Even criticism of V.I. Lenin was no longer a taboo. This policy of *Glasnost*, which Gorbachev tried to benefit his perestroika, was enthusiastically embraced by the enemies of the USSR both inside and outside of the country to accelerate the process of dismantling socialism and eliminating the single-party system dominated by the CPSU.

But economic reforms didn't lead to positive changes. It was not unexpected given the experience of Gorbachev's predecessors and discussed in the chapters "Soviet society and the political system in the late 1970s" and "Soviet economy under the new leadership". The people are becoming impatient and no

longer ready to give the party much time to deliver the promised results. The planned economy with a rapidly disintegrating chain of command and discipline supplemented with limited market-based approaches was nowhere near to fulfilling the magic promised by perestroika. The necessity to transition to full-scale market mechanisms became obvious. It was something long overdue and could be done incrementally had they been launched in the past. But, as mentioned in the chapter on "Soviet economy under the new leadership", CPSU dithered and when the crunch time came in the late 1980s, hardly any option was left for incremental steps without recourse to oppressive measures. Despite investment of millions of roubles in the economy, no substantial improvements in increasing the economic output could be made. Even the cooperatives, semi-capitalist enterprises, established within socialist economic management failed to deliver expected results. Gorbachev's initiatives of political liberalization under Glasnost became a sort of genie which came out of the bottle and took its own life setting the stage for crushing his leadership. It set the stage for CPSU's dethronement. The demand to end the monopoly of CPSU on political power and empowering the Soviets became irresistible.

The third period of perestroika became the most turbulent, drawing common people from indifference and fence-sitting to unprecedented activism on the streets. The guns were targeted at the nucleus of Soviet power. In 1989, the democratic opposition (Interregional Deputies Group) began to take shape in the country, which advocated the need not for reforms but for changes in the entire social system that existed in the USSR. Amid domestic political turmoil, the Soviet Union was rapidly withdrawing from its global engagement which it built over the post-war years with investment of enormous resources neglecting the needs of its own people, which in essence was all about the cold war. By 1989, it completed the withdrawal of Soviet troops from Afghanistan. It also ceased supporting the world socialist system leaving its allies in Eastern Europe to their own devices in facing counter-revolutions in their countries. The Berlin wall, a key structural landmark in the East-West divide, fell on 9 November 1989 setting stage for unification of Germany. Vladimir Putin, the current president of the Russian Federation, was serving in East Berlin at that time as KGB official in the rank of a colonel. He remembered when ebullient crowds were attempting to storm his office; he had to come out firing blank shots from his pistol threatening this was Soviet territory. When he called East German authorities for help, they declined saying, "they could do nothing without Moscow's consent and Moscow was silent".

The CPSU was losing real power and its unity. Criticism was directed at not only the situation prevailing in the USSR, but also at the very foundations of the Marxist ideology and the October Socialist Revolution of 1917.

Year 1991, Soviet Union's final moment

With the rapid fall of the central authority and fast-spreading separatist movements in the union republics, the USSR was sliding into chaos. Its collapse was on the horizon. During the first half of 1991, political initiatives from the leaders of constituent republics started coming out to preserve the existence of the USSR as a unified country rewriting the Union treaty. It was basically aimed at turning the USSR into a loose confederation of independent and sovereign states. To prevent this from happening, on 19 August 1991, key figures of the CPSU including some supporters of Gorbachev, who still retained faith in

Marxism, put up their final resistance in the battle to save the country from falling into pieces. They established the "State Committee on Emergency Situation (SCES)" and demanded that Gorbachev, then vacationing in Crimea, either declare a state of emergency or temporarily transfer power to Vice-President Gennady Yanaev. Gorbachev declined the demand and was forced into isolation. But none of the members of SCES could summon the courage to take responsibility by ordering military intervention that could lead to blood spilling and possibly escalating into civil war.

Taking advantage of this situation, Boris Yeltsin, Gorbachev's long-time political nemesis and then elected president of the Russian Federation, emerged as the leader of counter-revolutionary forces and with help of military units loyal to him easily quelled the SCES. From this moment all political authority in the country came under the firm control of Boris Yeltsin. On 23 August 1991, Yeltsin signed the order for banning the activities of the Communist Party in the Russian Soviet Socialist Federation and on 6 November 1991, the CPSU was abolished. When Gorbachev returned from Crimea, he was effectively sidelined by resurgent Yeltsin and rendered into titular head of the country. Soviet Union's final moment arrived on 8 December 1991. On that day, meeting at Belovezhskaya retreat in Belorussia, the leaders of the Byelorussian SSR (Stanislav Suskeyevich), Russian SFSR (Boris Yeltsin) and Ukrainian SSR (Leonid Kravchuk), representing the states that signed the "Treaty on formation of the USSR" in 1922 declared their agreement on cessation of the existence of USSR as a "subject of international law and geopolitical reality" and replaced it with an agreement on formation of a "Commonwealth of Independent States (CIS)." Thus without a shot being fired, the USSR disappeared from the map of the world ending 70 years of its existence and deeply influencing the course of human progress throughout the entire twentieth century. But the consequences for many people who once lived in this country would be tragic, continuing for decades. The Great October Socialist Revolution and its ideals which were the ideological basis of the Soviet state lost its significance and disconnected from the mainstream politics in post-Soviet Russia.

Conclusion

Was the demise of the Soviet Union inevitable? The answer is no. But as discussed in the chapter "Soviet nation building in the era of mature socialism" there was always risk for the Soviet state to disintegrate because fraternity and internationalism couldn't be an antidote to nationalism for long. This risk emanated from nationality-based federal design of the USSR conceived by V.I. Lenin. The Soviet state that was established in 1918 as inheritor of the Russian Empire was already a federal state called "Russian Soviet Federative Socialist Republic (RSFSR)". The other "republics" could be incorporated into RSFSR as federal regions enjoying wide ranging autonomy. Adding another layer of federalism in the name of the USSR on top of what was in existence plus injecting a hefty dose of nationalism, albeit with good intention, was a colossal mistake. On one hand, it increased the layers of bureaucracy, unnecessary duplication of functions; and on other hand, made the state vulnerable to manipulation by regional leaders which the central leadership often tackled by reaching unofficial understanding with them on many sensitive issues. Thus apparently a strong powerful state, the second superpower, USSR was, in effect, a confederation of sovereign national republics with constitutional right to secede from the Union. But for a long time none of the republics did give serious thought to exercise this right so long as

the country was ruled by strong patriotic leaders like Joseph Stalin and Nikita Khrushchev. And for the republics also, there was a lot to benefit in terms of socio-economic development from being inside the Union than outside it. To drive home this point, the constituent republics used to highlight their status to the outside world as a fraternal republic in the family of equal Soviet nations. But as discussed before, the glue for holding the national republics together was the central authority exercised by the CPSU and economic subsidy from the central budget for regional development.

Beginning in the 1970s, when L.I. Brezhnev relaxed political control, centrifugal tendencies started creeping up in the republics and many regional leaders were thinking about striking new bargains with Moscow. Gorbachev's perestroika and glasnost added fuel to this process and in 1990 the issue of renegotiating the contract came on top of the political agenda. On 17 March 1991, an All-union referendum on preservation of the USSR was held in which majority of Soviet citizens (76.4%) voted in favour of preservation of USSR as a "renewed federation of equal sovereign republics"[29].

Clearly the Belovezhskaya initiative of Yeltsin-Kravchuk-Suskeyevich troika for tearing apart the Union treaty was unconstitutional and contrary to popular will expressed in referendum. So, even at the final moment, Gorbachev could do a lot to prevent this from happening. He could order the arrest of the leaders of brewing counter-revolution and take necessary military measures to quell armed uprising. But he didn't. This amounted to abrogating his key constitutional duty to protect the state, which is a criminal offence of the highest order. When Soviet Union's friends all over the world were anxiously waiting for Gorbachev to take the last emergency measures to save the USSR, the citadel of world socialism, he was busy then reporting to his handlers "Mission accomplished." He would take some time to negotiate his future with the coup plotters before walking into sunset. On 25 December 1991 Mikhail Gorbachev announced his resignation as President of the USSR, the country no longer in existence, and went into political oblivion.

The Soviet Union's sudden demise came as a bolt from the blue to many in the world. The Western governments who were working toward the goal of destroying the USSR were also not expecting to reap such a windfall so soon. The western academicians who were watching events in the Soviet Union knew of the problems of its economy – sluggish growth, structural imbalance, falling revenues from oil and gas export – were also baffled. Even the CIA failed to forecast the impending demise of the Soviet Union. As mentioned in all previous chapters, the Soviet Union's economic problems didn't arrive all of a sudden in the mid 1980-s. They started arising since the Soviet leadership decided to leave behind the glorious chapter of its development by disavowing Stalin's legacy. Problems were accumulating largely because of CPSU's aversion to addressing the root causes and embarking on meaningful reforms.

Even then, those problems were not cataclysmic. If economic reforms and reestablishment of political control initiated by Yuri Andropov were consistently followed, there was a fair chance of significant improvement toward the mid-1980s. It was Gorbachev's criminal self-delusion that the Soviet economy

[29]All-Union Referendum on Preservation of the USSR, https://ru.wikipedia.org/wiki

was in a disastrous shape and to salvage it, wholesale socio-political transformation (codeword for dismantling socialism) was needed. Far from being any kind of solution, Gorbachev's misconceived perestroika and glasnost deepened the Soviet Union's economic problems and moved the society to a tipping point. To be fair, no economy is immune from crisis. We knew in the 1930s, when the Soviet Union was undergoing rapid industrialization and its economy was growing in double-digits, the advanced capitalist economies in the US and Europe were in the longest deep recession. In recent times, the great recession again hit developed capitalist economies during the late 2000s and early 2010s. To limit the pitfall of the crisis, Governments across the capitalist world increased state intervention in the economy by injecting billions of public funds into the economy; providing banks, financial institutions and industrial enterprises with subsidies and concessional loans, issuing restrictions on banking and financial markets, etc. But no western government was on record saying "let us dismantle capitalism because these problems would come up again".

To protect himself, Gorbachev would later say he was well meaning and a victim of unintended consequences; he didn't resort to repressive military measures because that could ignite a civil war with devastating consequences. But few are impressed with this argument, because indeed a bloody civil war engulfed parts of the ex-USSR in the immediate aftermath of its demise. Tackling a civil war was not something new to the Red Army, because the Soviet Union was not built in a day. After the Great October Socialist Revolution in 1917, it took five years for the Red Army to quell armed rebellions in the regions and consolidate Soviet power. But in the era of "mature socialism", after having siphoned off large chunks of national budgets depriving civilian needs for decades, the powerful Soviet Army failed to show its patriotism by deciding not to intervene and sitting on the fence as counter-revolution was in full swing before its eyes.

It fought a shadowy war for decades on many fronts with its adversary in the cold war. But when the country was standing on the brink of the abyss, a little help from it like the one it staged in Prague Czechoslovakia in 1968 could still save the country. Military leaders probably didn't want to get their hands bloodied by killing their own people. But shamelessly they did exactly that a few years later taking orders from Boris Yeltsin by launching a cruel military operation for suppressing armed rebellion in the province of Chechnya. Merciless carpet bombing reduced the historic capital city of Grozny into rubble much in the same way allied forces carpet bombed the German city of Dresden in the final days of the Second World War just to extract revenge by killing civilian population.

In this context, it is important to note what the other great socialist country, the People's Republic of China (PRC), not a friend of the USSR since Stalin's death, did to limit the spreading of "*Perestroika and Glasnost*" virus into the country. Consistent with his new foreign policy Gorbachev rapidly moved to ending decades of hostility with China. He accompanied by his wife, Raisa, travelled to Beijing on 16 May 1989 and held a summit meeting with the country's leader Deng Xiaoping. Gorbachev was flying high at that moment. The stark contrast between the 84-year-old frail Deng delivering a stumbling speech and the 58-year-old Gorbachev with his strength and vigour was visible. This was an embarrassing moment for the Chinese leadership forcing them to keep a low profile and adjusting the Soviet leader's itinerary so as to shield him away from enthusiastic crowds who flocked to the streets to greet him and express

solidarity with his reform programme. The student movement was rapidly gaining strength demanding similar reforms in China. But the Chinese leadership backed by their patriotism and experience drew quick lessons from the mess that Gorbachev created by 1989 in the USSR. The octogenarian Deng was astute enough to foresee the chaos and uncertainty in which the USSR was sinking as Gorbachev was pressing ahead with his reforms. In a marked contrast with the Soviet Army, the People's Liberation Army (PLA) demonstrated its patriotism by deciding to nip in the bud *Perestroika*-like counter-revolutionary movement which was gathering strength on the Tiananmen Square in Beijing, which drew the attention of the world. Martial law was declared in the early morning hours of 20 May 1989. Ending a prolonged stand-off with protesting students, Chinese troops entered the Tiananmen Square on 4 June 1989 opening fire on the protestors. Estimates of the death toll ranged from several hundred to thousands. Several dozen people had been executed later for their parts in the demonstrations. This was a sad moment and the whole world united in censuring China.

But this brave decision of the Chinese leadership saved the country from sinking into a Soviet-like abyss and set the stage for phenomenal economic growth. In just two decades, China emerged as the second-biggest economy in the world. Had the remnants of the Soviet Union's political leadership and its military rise up to the challenge the way the Chinese leaders did, the twenty-first century could have been the Soviet story as well and the world could have been a very different place than it is now.